housing matters

Annual Report

2011/12

BC Housing

BRITISH COLUMBIA

Table of Contents

Joint Message from the Chair and Chief Executive Officer	**2**
Our Strategic Framework	**4**
Mandate, Vision and Values	5
Housing Matters BC – A Housing Strategy for British Columbia	5
Shareholder's Letter of Expectations	6
Serving British Columbians	8
How We Serve British Columbians	12
Organizational Structure	**14**
Corporate Governance	15
Organizational Chart	16
Operating Context	18
Report on Performance	**21**
BC Housing Performance Overview – 2011/12	22
Goal 1 – Respond to Gaps in the Housing Continuum	26
Goal 2 – Protect and Manage Existing Housing for the Long-Term	30
Goal 3 – Provide Access to Appropriate Housing and Services for Vulnerable British Columbians	34
Goal 4 – Help Bring About Improvements in the Quality of Residential Construction and Strengthen Consumer Protections	38
Goal 5 – Organizational Excellence	41
Management Discussion and Analysis	47
Operational Overview – 2011/12 Actuals	47
Assets and Liabilities	48
Summary of Financial Results and Budget Projections – 2007/08 to 2014/15	49
Revenues	49
Program Expenditures	51
Managing Risk	52
Future Outlook	53
Financial Statements: BC Housing Management Commission	**54**
Audited Financial Statements	55
Independent Auditor's Report	56
Notes to the Financial Statements	61
Financial Statements: Provincial Rental Housing Corporation	**68**
Audited Financial Statements	69
Independent Auditor's Report	70
Notes to the Financial Statements	75
Contact Information	**81**
Appendices and Glossary	**i**
Appendix A – Changes in Reporting	ii
Appendix B – Disclosure of Key Reporting Judgements	iii
Appendix C – Glossary	xxiii

Joint Message from the Chair and Chief Executive Officer

It is a pleasure to submit BC Housing's Annual Report for the 2011/12 fiscal year. It has been a year of focused effort to deliver on our mandate related to the provision of subsidized housing and integrated supports for those in greatest need, and to strengthen consumer protection for buyers of new homes. Over the course of the year over 97,000 individuals and families across the province benefitted from our housing programs and initiatives. In addition, over 5,400 licensed residential builders and nearly 23,000 buyers of new homes benefitted from BC's system of builder licensing and home warranty insurance that helps to ensure quality construction and warranty insurance protection.

We continue to deliver on the provincial housing strategy *Housing Matters BC*. In particular, our programs and initiatives are making a difference in breaking the cycle of homelessness. As of March 31, 2012, construction was completed on over 800 units of supportive housing developments for the homeless, and a further 1,300 are under development. About 7,600 homeless people were housed in the 2011/12 fiscal year through the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach Program* and through services offered from the *Emergency Shelter Program*. In the 2011/12 fiscal year, construction was completed on over 560 units under the *Seniors' Rental Housing* initiative with over 150 units under construction to provide affordable housing for seniors and people with disabilities in communities across the province. None of these programs and initiatives would be successful without collaboration with local governments, non-profit societies, service providers, charitable organizations as well as our private sector partners.

In July 2011 the governments of British Columbia and Canada signed the Agreement for Investment in Affordable Housing to support a range of housing needs for low-income families and seniors. Through this agreement we launched a new program *Home Adaptations for Independence* in January 2012 that will enable low-income seniors and persons with disabilities to carry out home modifications for accessible, safe and independent living.

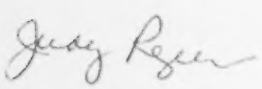
ABOUT THIS ANNUAL REPORT

The 2011/12 BC Housing Annual Report was prepared under the Board of Commissioner's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Board is accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of BC Housing for the twelve months ended March 31, 2012 in relation to the service plan published in February 2011.

The Board is responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion.

All significant assumptions, policy decisions, events and identified risks, as of March 31, 2012, have been considered in preparing the report. The report contains estimates and interpretive information that represents the best judgment of management. Any changes in mandate direction, goals, strategies, measures or targets made since the 2011/12 – 2013/14 service plan was released and any significant limitations in the reliability of data are identified in the report.



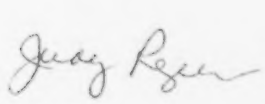
Judy Rogers
Chair

Performance results

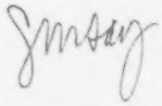
We met or exceeded the majority of our performance measure targets set out in the previous year's Service Plan. We set a target to create 1,797 new social housing units in 2011/12, and exceeded that target by delivering over 2,000 units. We also achieved the target of ensuring that our controllable administration costs are within 10 per cent or less of program delivery costs, a standard industry benchmark. An area of attention for 2012/13 relates to tenants in our public housing developments and the level of service delivery that is needed to meet their housing needs. A significant achievement for 2011/12 is the completion of all 103 renovation and renewal projects at our public housing sites and non-profit buildings initiated through the *Housing Renovation Partnership* with the federal government.

Looking forward

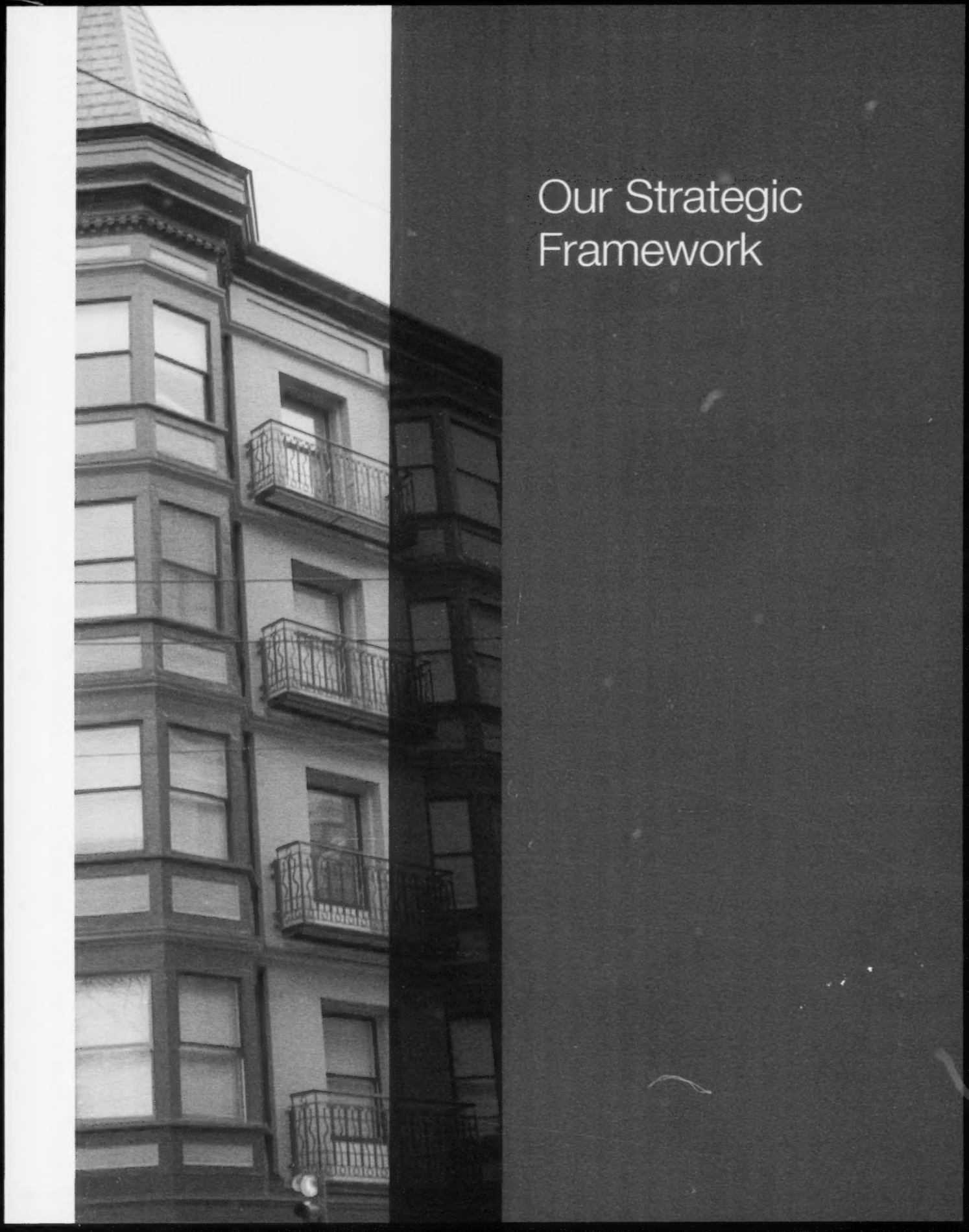
With the appointment of a new Board of Commissioners on April 27, 2012 we look forward to making progress on the strategic priorities established in the 2012/13 Service Plan. These priorities offer us a renewed focus on supporting a strong non-profit sector, especially in light of the aging social housing stock and expiry of operating agreements with housing providers over the long-term. Our strategic priorities also call for enhancing Aboriginal partnerships, responding to critical housing gaps and being a sustainability leader. Together with our partners, we will continue to make significant contributions to the lives of British Columbians.



Judy Rogers
Chair



Shayne Ramsay
Chief Executive Officer



Our Strategic Framework

Mandate, Vision and Values

Our mandate is to fulfill the provincial government's commitment to the development, management and administration of subsidized housing as reflected in an Order-in-Council under the *Ministry of Lands, Parks and Housing Act* establishing the British Columbia Housing Management Commission (BC Housing) in 1967. In 2010/11 our mandate expanded to include responsibilities for the administration of the *Homeowner Protection Act* including strengthening consumer protection for buyers of new homes and helping bring about improvements to the quality of residential construction.

Our vision is housing solutions for healthier futures.

Our values are integrity, respect, commitment, service and accountability.

HOUSING MATTERS BC – A HOUSING STRATEGY FOR BRITISH COLUMBIA

As set out in the Shareholder's Letter of Expectations, BC Housing's priority is to fulfill the government's commitment to meet the housing needs of British Columbians as set out in the provincial housing strategy, *Housing Matters BC*.

The framework for the evolution of the housing sector, including the business direction for BC Housing, is guided by *Housing Matters BC*. This provincial housing strategy contains six goals, each of which is client-focused. BC Housing is a major contributor in ensuring these goals are met through a variety of programs and partnerships.

1. The homeless have access to stable housing with integrated support services
2. B.C.'s most vulnerable citizens receive priority for assistance
3. Aboriginal housing need is addressed
4. Low-income households have improved access to affordable rental housing
5. Homeownership is supported as an avenue to self-sufficiency
6. B.C.'s housing and building regulatory system is safe, stable and efficient

The Shareholder's Letter of Expectations[1]

The Shareholder's Letter of Expectations (SLE) describes the relationship between BC Housing and the provincial government, and mandates direction from government to BC Housing. The SLE ensures a mutual understanding between the shareholder and BC Housing on governance issues, corporate mandate, core services, public policy issues, strategic priorities and performance expectations.

Our core business areas and services are aligned to fulfill our mandate, shareholder's expectations and policy directions under *Housing Matters BC*. The chart below summarizes key directions established in our SLE and key accomplishments for 2011/12.

SLE HIGHLIGHTS	KEY ACCOMPLISHMENTS
■ Implement programs and initiatives that break the cycle of homelessness in British Columbia, including development of supportive housing units through *Memoranda of Understanding* agreements with local governments	■ Created 133 new supportive housing units for the homeless under the *Provincial Homelessness Initiative* ■ Completed 599 units across the province with over 1,300 units under development through *Memoranda of Understanding* agreements with local governments ■ Entered into a public-private partnership to renovate and restore 13 provincially-owned single room occupancy hotels in Vancouver's Downtown Eastside to provide access to clean and safe social housing ■ About 7,600 homeless people were housed through the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach Program* and through gateway services offered through the *Emergency Shelter Program* ■ The *Women's Transition Housing and Supports Program* has completed a review of programs and is working with our partners to implement recommendations to better address the housing and support needs of women and children fleeing violence
■ Integrate the Homeowner Protection Office within BC Housing, and in particular take advantage of synergies with respect to the research and education function for the benefit of the housing sector and consumers	■ Ensured an effective system of licensing and new home warranty insurance under the *Homeowner Protection Act* ■ Implemented the *Home Adaptations for Independence* program to assist seniors and people with disabilities with home adaptations so they can continue to live in the comfort of their home ■ Worked with key industry groups and other levels of government to lever and attract additional funding for cost effective research and education initiatives to support continuous improvement in the quality of residential construction and consumer awareness ■ Strengthened efforts to protect buyers of new homes in B.C. by hiring additional regional compliance investigators to administer the *Homeowner Protection Act*

[1] Beginning in the 2012/13 fiscal year, the Shareholder's Letter of Expectations will be referred to as the Government's Letter of Expectations.

SLE HIGHLIGHTS	KEY ACCOMPLISHMENTS
■ Work in partnership with federal and local governments, non-profit housing providers and the private sector to deliver the *Seniors' Rental Housing* initiative and *Housing Renovation Partnership*	■ Completed 566 units under the *Seniors' Rental Housing* initiative with over 150 units under construction to provide affordable housing for seniors and people with disabilities in smaller and rural communities ■ Completed 103 renovation and energy retrofits for social housing under the *Housing Renovation Partnership*
■ Work collaboratively with the Ministry to support successful implementation of provincial housing strategy *Housing Matters BC* and, through the flat rent policy, increase opportunities for income and disability assistance clients to reside in BC Housing stock	■ Ensured that social housing remains affordable for low-income households through the BC rent scale; households on income assistance do not pay more than the shelter allowance portion of their provincial income assistance benefits towards rent in social housing ■ Worked in partnership with municipalities and non-profit housing providers to increase available housing units thereby increasing opportunities for households on income assistance to access social housing ■ Created 2,014 new units/bed of affordable housing in priority areas ■ Found appropriate housing for more than 2,600 applicants in subsidized housing through *The Housing Registry*

ENVIRONMENTAL SUSTAINABILITY

BC Housing's sustainability strategy, called *livegreen: Housing Sustainability Plan* recognizes the significant role that we can play to promote sustainability in our activities and more broadly within the housing sector. We accomplish this through taking actions in three areas:

- Buildings – striving towards innovation in design, construction and management of social housing buildings;
- Change Agent – guiding and supporting others in taking actions towards sustainability; and
- Integration – integrating financial, social and environmental considerations in decision making.

The *livegreen* plan is aligned with the Province's Climate Action Plan to reduce greenhouse gas emissions and our carbon footprint. We report our performance through the "Reduction in Greenhouse Gas Emissions" performance measure in this Annual Report.

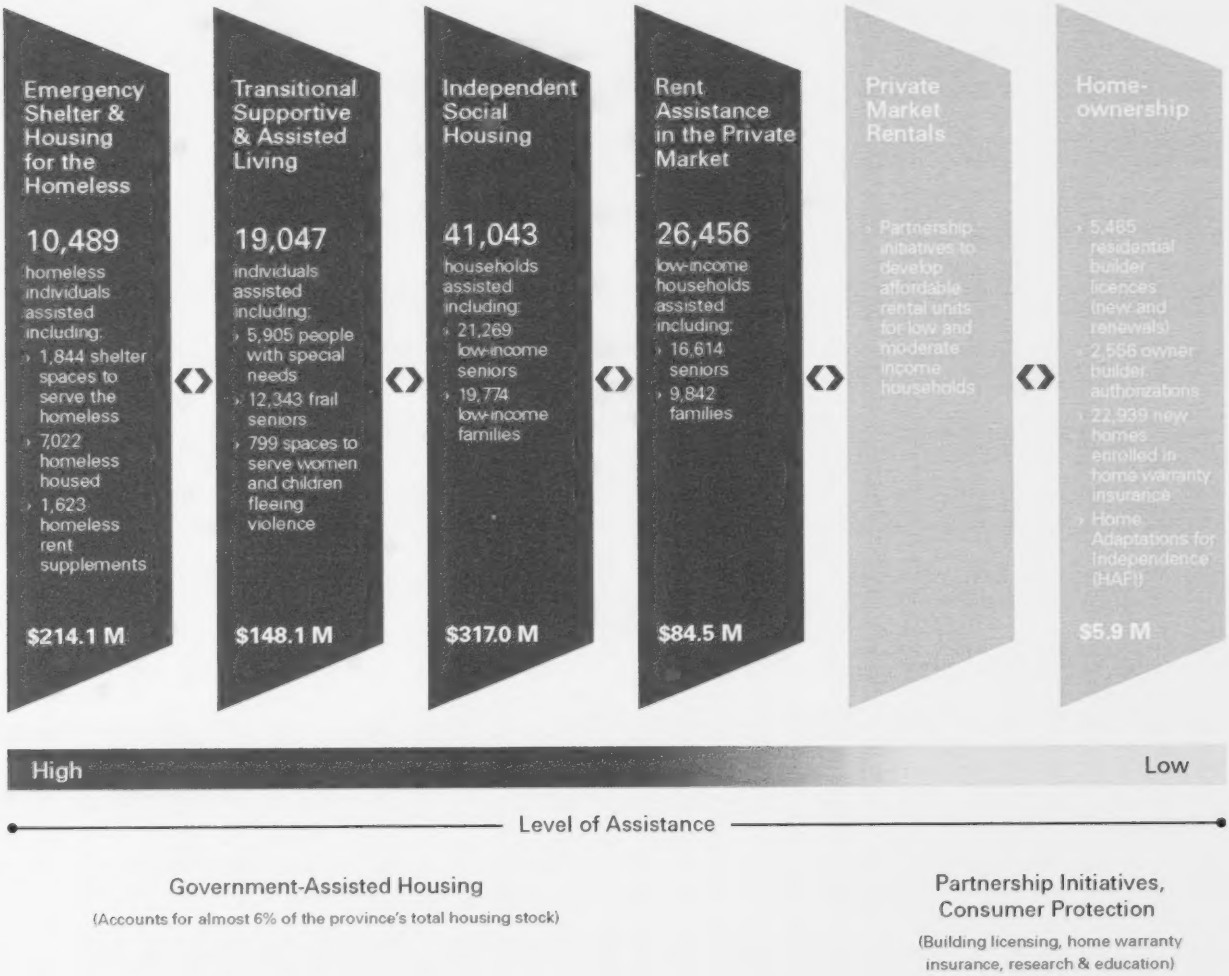
Our significant reduction in greenhouse gas emissions in public housing buildings and offices contributed to BC Housing remaining carbon neutral in 2011.

livegreen

Serving British Columbians

BC Housing's role in the housing continuum

The housing continuum illustrates the full range of possible housing alternatives. A portion of the continuum is government-assisted housing with varying levels of support services provided. The majority of housing is available in the private market. The diagram below illustrates the housing continuum in the province and BC Housing's contribution to it.


Emergency Shelter & Housing for the Homeless
10,489
homeless individuals assisted including:
› 1,844 shelter spaces to serve the homeless
› 7,022 homeless housed
› 1,623 homeless rent supplements
$214.1 M
Transitional Supportive & Assisted Living
19,047
individuals assisted including:
› 5,905 people with special needs
› 12,343 frail seniors
› 799 spaces to serve women and children fleeing violence
$148.1 M
Independent Social Housing
41,043
households assisted including:
› 21,269 low-income seniors
› 19,774 low-income families
$317.0 M
Rent Assistance in the Private Market
26,456
low-income households assisted including:
› 16,614 seniors
› 9,842 families
$84.5 M
Private Market Rentals
› Partnership initiatives to develop affordable rental units for low and moderate income households
Home-ownership
› 5,485 residential builder licences (new and renewals)
› 2,566 owner builder authorizations
› 22,939 new homes enrolled in home warranty insurance
› Home Adaptations for Independence (HAFI)
$5.9 M
High
Low
Level of Assistance
Government-Assisted Housing
(Accounts for almost 6% of the province's total housing stock)
Partnership Initiatives, Consumer Protection
(Building licensing, home warranty insurance, research & education)

Government-assisted housing

This housing ranges from emergency shelter through to rent assistance in the private market. In partnership with some 800 housing providers – mostly non-profit societies and housing co-operatives – 97,035 households in 200 communities were assisted through subsidized housing in 2011/12. The level of support service provided ranges from high to low depending on the needs of the clients served, as described below.

Emergency Shelter and Housing for the Homeless

This section of the continuum serves people who are homeless, or at risk of homelessness, and requires housing with integrated supports. Homelessness is a concern for many communities throughout B.C. Some reports estimate the cost of homelessness to the health, social, and justice systems to be over $55,000 per person per year (Centre for Applied Research in Mental Health & Addiction, Simon Fraser University).

Challenges to finding appropriate housing for people who are homeless are multi-faceted. They may be housing-related, such as affordability, availability or suitability, or a combination of life events, including disabilities, health and mental health issues, addictions, social exclusion, joblessness or a breakdown of relationships.

Transitional Supportive and Assisted Living

This part of the continuum serves three major tenant groups: individuals with special needs, frail seniors and women and children fleeing violence. People who require special needs housing include those living with severe physical disabilities or mobility issues, chronic mental illness, HIV/AIDS, and drug and alcohol dependencies. Frail seniors and individuals with special needs require a range of support services to help them have more stable lives, and supportive housing allows them to live independently.

It is anticipated that the population of seniors will increase from 15 per cent of B.C.'s population in 2009 to 24 per cent in 2036. The age 80+ senior population (frail seniors) will grow from four per cent in 2009 to seven per cent in 2036 (BC Stats, 2012). Some of the senior demographic will also have income issues, which will increase demand for social housing.

Transitional housing is available for those who may be in need of short-term housing as an interim step towards a longer term housing solution, such as women and children fleeing domestic violence. Supportive and assisted living is also available for those in need of additional supportive services, such as frail seniors, which includes the provision of on- or off-site support services. While ensuring that adequate supports are in place for these clients, additional programs are also in place to help people move towards independence and self-sufficiency where possible.

From 1999 to 2004, it is estimated that more than 100,000 women in B.C. were victims of spousal violence (Statistics Canada, 2006). Women and children fleeing violent relationships require immediate access to safety, shelter, food, crisis intervention and social service referrals.

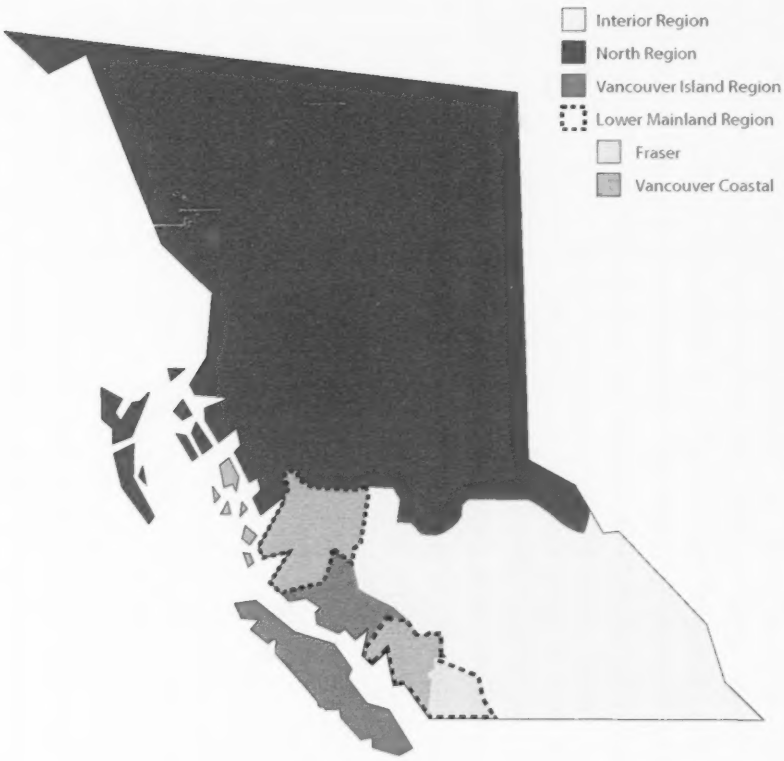
Independent Social Housing

In B.C. the majority of government-assisted housing is provided through independent social housing. Independent social housing typically does not require additional support services for tenants, although many housing providers are noting increasing support needs among their tenants.

Rent Assistance in the Private Market

Rent assistance programs maximize the availability of existing rental units within the private market, which in turn provides options for those seeking housing. Rent assistance programs such as *Rental Assistance Program* and *Shelter Aid For Elderly Renters* support people to remain in their current communities while maintaining independence.

Serving British Columbians *(continued)*



* On April 1, 2012, the Fraser and Vancouver Coastal regions merged and are now referred to as the Lower Mainland region.

INTERIOR	
Total number of households	285,025
Households spending > 50% of their income on rent	8,700
Households assisted through subsidized housing	13,761
NORTH	
Total number of households	107,400
Households spending > 50% of their income on rent	2,600
Households assisted through subsidized housing	4,873
VANCOUVER ISLAND	
Total number of households	304,415
Households spending > 50% of their income on rent	12,100
Households assisted through subsidized housing	16,085
LOWER MAINLAND*	
FRASER	
Total number of households	520,130
Households spending > 50% of their income on rent	18,200
Households assisted through subsidized housing	28,338
VANCOUVER COASTAL	
Total number of households	426,170
Households spending > 50% of their income on rent	23,300
Households assisted through subsidized housing	33,978

Using BC Housing's 2011/12 data, the map above shows our service regions, the total number of households and the number of households assisted through subsidized housing. Using 2006 Census data, the map shows the total number of households spending greater than 50 per cent of their income or more on rent.

Private market housing

The majority of British Columbians are housed successfully in the private housing market. However, 2006 Census data shows there are over 64,900 households that are unable to find suitable housing in the private market. These households are spending 50 per cent or more of their income on rent for adequate housing and are considered to be in highest need and at risk of economic eviction or homelessness.

Private Market Rentals

Developments that provide affordable housing units within the private market may have either all or a portion of the available units priced at or below market rent levels. Units may be rented at market rents, or slightly below market rent, often referred to as "low end of market rent". Similar to rent assistance in the private market, this stage of the continuum provides more housing options for low- to moderate-income households. This housing is typically developed and operated by non-profit housing providers in partnership with BC Housing.

Homeownership

Our primary role with respect to this part of the housing continuum is through the *Homeowner Protection Act* whereby we license residential builders, ensure that new homes are enrolled in home warranty insurance, and administer owner-builder authorizations. Additionally we focus on enhancing consumer protections through overseeing the third-party home warranty insurance system and carrying out strategic research and education initiatives to improve the construction quality of new homes.

As of January 2012, BC Housing is delivering a new program *Home Adaptations for Independence* that provides financial assistance to low-income seniors and people with disabilities owning their own home or in market rental accommodation to carry out home adaptations for improved accessibility.

Aboriginal Individuals and Families

BC Housing is committed to supporting Aboriginal non-profit housing partners by exploring and increasing housing options to meet the needs of Aboriginal households, and by working to increase capacity of the sector to meet Aboriginal housing needs.

Aboriginal people tend to be over-represented in housing need categories across the continuum. The 2006 Census identified that off-reserve Aboriginal households represented 4.5 per cent of all B.C. households, but 6.9 per cent of all households in core housing need. The 2006 Census also identified that 21.1 per cent of off-reserve Aboriginal households are in core housing need compared to 13.4 per cent of all non-Aboriginal households. Aboriginal people are also overrepresented among those who are homeless or at risk of homelessness. For example, according to the preliminary results from the 2011 Metro Vancouver Homeless Count, 24 per cent of the homeless individuals found in Metro Vancouver self-identified as an Aboriginal person.

While partnerships and programs exist specifically to support Aboriginal households, Aboriginal individuals and families are also supported by all programs across the housing continuum.

How We Serve British Columbians

Every aspect of BC Housing's business is centered on our clients. We create relationships with key partners to work together to deliver our services. Below are descriptions of how we do business in partnership.

Delivery Partners

Housing assistance is provided through public, non-profit and co-operative housing, as well as through rent assistance to people living in the private rental market. We work in partnership with more than 800 non-profit housing societies, housing co-operatives and group home operators to provide safe and affordable housing for people in need. We also partner with private operators to provide rent supplements for low-income seniors and people with disabilities living in private assisted living facilities.

Service Partners

BC Housing engages in innovative service partnerships that integrate housing and support services to meet tenants' needs and ensure stable tenancies. These service partnerships involve other levels of government, health authorities and service providers, such as those serving homeless individuals as well as women and children at risk of violence.

Contributing Partners

The investment required to create new social housing necessitates partnership models. Our approach seeks to combine resources and expertise from a wide range of partners, including other levels of government. For example municipal governments contribute through expediting approval processes, waiving development construction costs and offering reduced property taxes, as well as making land available for new housing. The federal government can contribute capital funding to support new and existing social housing.

Creating new social housing relies on significant contributions from the non-profit housing sector, recognizing the considerable equity and expertise in the sector to pursue new housing opportunities. In addition, contributions made by charitable organizations, such as Streetohome Foundation in Vancouver and Columbia Basin Trust (CBT), have become a critical component of success in many communities.

Industry and Regulatory Partners

BC Housing works with a wide range of industry partners to strengthen consumer protection for buyers of new homes. Partners include Licensed Residential Builders and Building Envelope Renovators, warranty insurance providers, insurance brokers acting as agents for warranty providers, industry associations, other regulatory agencies such as the Financial Institutions Commission, the Insurance Council of BC, the Real Estate Foundation, the Real Estate Council of BC, educational organizations and building officials.

Research and education activities to improve the quality of residential construction are funded primarily by builder license fees and owner-builder authorizations. A joint delivery model, where BC Housing works with key industry groups and other levels of government, has been an effective way to identify required research and to lever and attract additional funding for cost effective research and education initiatives in the residential construction sector. Having the key strategic partners at the table ensures the research will be robust, and the findings and new business practices will be adopted, thus ensuring continued business improvements in the residential construction industry.

We also work with industry and regulatory partners to support sustainability in the design, construction and management of housing across the continuum. This is done through sharing best practices, developing education materials and conducting research.

Policy Partners

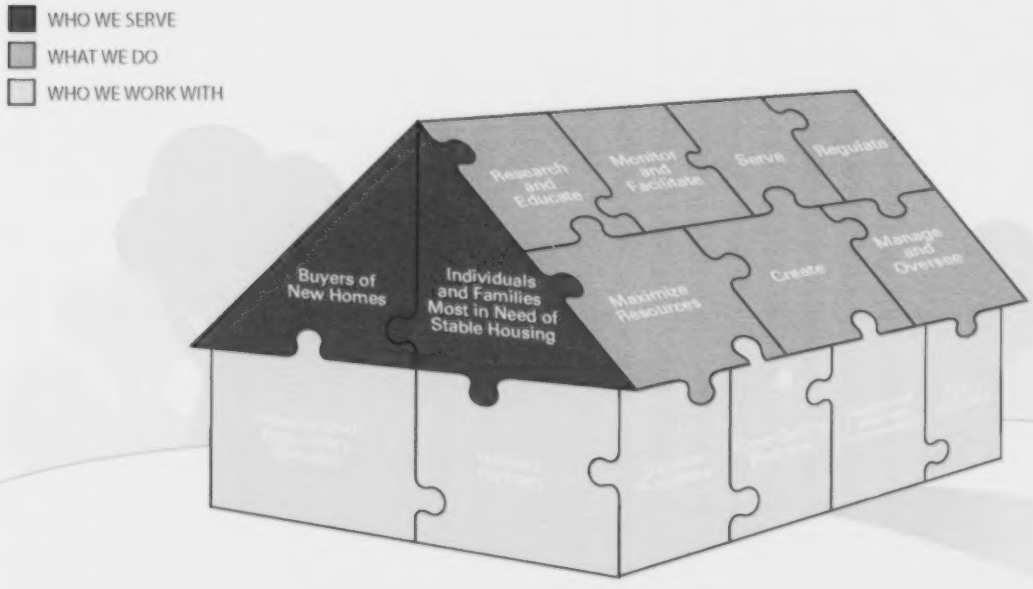
Our policy partners within the Ministry's Office of Housing and Construction Standards are responsible for provincial housing policy, building and safety standards and residential tenancy. By working together, government is able to ensure that BC Housing's programs and services are integrated and aligned with the provincial housing policy. Our partners across government also include the Ministries of Social Development, Health Services, Aboriginal Relations and Reconciliation, and Children and Family Development.

Sector and Consumer Organizations

BC Housing works collaboratively with housing sector and consumer organizations to create better outcomes and build stronger communities. Organizations include the BC Non-Profit Housing Association, the Co-operative Housing Federation of BC, Shelternet BC, BC Society of Transition Houses, the Aboriginal Housing Management Association, the Greater Vancouver Shelter Strategy, and consumer organizations such as the Condominium Home Owners Association of BC.

Key Relationships

The diagram below illustrates BC Housing's relationships with our key partners and how we work together to provide housing options and strengthen consumer protection.



Organizational Structure

Corporate Governance

Board of Commissioners

BC Housing is responsible to the Minister Responsible for Housing through a Board of Commissioners. The government appoints the Board to oversee policy implementation and direction and, in cooperation with senior management, to set strategic direction. The Board also monitors BC Housing's performance based on the province's planning and reporting principles. The Board delegates responsibility for the day-to-day leadership and management to the Chief Executive Officer.

The Board incorporates best practices into its governance procedures as guided by the Best Practice Guidelines on Governance and Disclosure for Public Sector Organizations. Please see the governance section of the BC Housing website for more information.

Standing Committees of the Board of Commissioners

On April 27, 2012 a new Board of Commissioners was appointed. Our Commissioners are: Judy Rogers (Chair), Melvin Kositsky, Sabrina Kunz, Robert Rennie and Faye Wightman. Four standing committees support the role of the Board of Commissioners in fulfilling its obligations and oversight responsibilities. Membership for these standing committees will be drawn from the Board of Commissioners. The four committees are:

1
Audit and Risk Management Committee

Ensures that the audit process, financial reporting, accounting systems, management plans and budgets, and the system of corporate controls and risk management are reliable, efficient and effective.

2
Corporate Governance Committee

Ensures that BC Housing develops and implements an effective approach to corporate governance. This enables the business and affairs of the Commission to be carried out, directed and managed with the objective of enhancing value to government and the public.

3
Human Resources Committee

Provides a focus on senior management human resource and compensation issues.

4
Capital Review Committee

Provides oversight with respect to capital projects including approving and monitoring an annual capital plan.

BC Housing has an internal audit function that assures appropriate controls are in place to support business objectives within an acceptable risk framework. Internal audit reports to the Board through the Audit and Risk Management Committee, and also reports administratively to the Chief Financial Officer.

Standards of Conduct

The Standards of Conduct guide the conduct for the board, employees, consultants and contractors and suppliers. The Board of Commissioners adheres to the following standards of conduct when exercising its powers and performing the functions of the organization:

- To act honestly, in good faith and in the best interests of BC Housing;
- To exercise care, skill and diligence in decision making; and
- To follow ethical standards in order to avoid real or apparent conflict of interest between Commissioners' private interests and the interests of BC Housing.

Organizational Chart

The following chart highlights BC Housing's core business areas and the responsibilities and accountabilities in each area.

Minister of Energy and Mines and Minister Responsible for Housing, *Honourable Rich Coleman*

Board of Commissioners, *Judy Rogers, Chair*

Chief Executive Officer, *Shayne Ramsay*

OPERATIONAL BRANCHES

Operations
Acting Vice President: Craig Crawford

- Provides access to existing subsidized housing
- Maintains the quality of existing social housing
- Oversees the management of public housing and group homes
- Administers operating agreements with housing providers
- Builds/leads relationships with housing providers

Development Services
Acting Vice President: Armin Amrolia

- Facilitates the creation of new housing through a range of programs

Homeowner Protection Office
Vice President and Registrar: Wendy Acheson

- Carries out statutory responsibilities under the Homeowner Protection Act as Registrar of builder licensing and owner builder exemptions, and ensures compliance with the Act
- Monitors and facilitates the performance of the third-party home warranty insurance system

Asset Strategies
Acting Vice President: Michael Pistrin

- Provides portfolio planning and strategies for the maintenance, capital improvement, redevelopment and sustainability of social housing assets
- Coordinates major repairs, renovations, capital improvements and energy retrofits for social housing

CORPORATE SUPPORT BRANCHES

Corporate Services
Vice President and Chief Financial Officer: Dan Maxwell

- Provides regulatory administration, risk management, finance, information systems, research and education, planning, program analysis, and legal services
- Provides mortgage administration for BC Housing and the Provincial Rental Housing Corporation

Human Resources
Vice President: Agnes Ross

- Recruits and trains staff
- Facilitates labour relations, negotiations, compensation, job evaluation, payroll, benefits management, employment equity and multiculturalism
- Oversees occupational health and safety
- Develops leadership, employee engagement and retention strategies

Corporate Communications
Vice President: Susan Thom

- Provides a broad range of internal and external communication services including strategic communication strategies, media relations, issues management, housing events/ announcements, government and stakeholder relations, website management and publications

Relationship to the Provincial Rental Housing Corporation

The Provincial Rental Housing Corporation (PRHC) was incorporated in 1961 under the *Company Act* and exists solely as a land-holding company. It holds provincially-owned social housing properties (public housing), and leases residential properties to non-profit societies and co-operatives.

The Minister Responsible for Housing is the sole shareholder of PRHC. Because of its relationship with BC Housing, PRHC is administered by BC Housing. To ensure the appropriate governance links between the two entities, senior management of BC Housing serve as PRHC's Directors. PRHC does not employ any staff.

Operating Context

Our success in meeting our goals, objectives, strategies and measures is influenced by many factors. The following is a summary of internal and external operating context over the past year. A risk-management approach is used to assess challenges and opportunities, and to determine the appropriate strategies for responding.

EXTERNAL FACTORS	CHALLENGES	OPPORTUNITIES AND STRATEGIC RESPONSES
Pressures in the Rental Housing Market	Very little purpose-built rental housing is being constructed, and can be unaffordable for many people	■ Leveraged federal infrastructure funding for new rental housing through the *Seniors' Rental Housing* initiative ■ Partnered with non-profit housing providers to create affordable rental housing through *Community Partnership Initiatives*
Homelessness	Breaking the cycle of homelessness so that individuals, with outreach and supports, can successfully move from the street and shelter system into stable housing with supports	■ Delivered homeless outreach and emergency shelter gateway services ■ Established partnerships with local governments and housing providers for new supportive housing ■ Continually improved integration of programs and services ■ Monitored and reported outcomes
Not-In-My-Back-Yard (NIMBY)	Community opposition can emerge when developing new housing as a result of fear and uncertainty	Worked with housing partners to: ■ Ensure that surrounding communities learn more about the developments ■ Enable general public and local governments to deal with opposition and move towards acceptance of housing projects

EXTERNAL FACTORS	CHALLENGES	OPPORTUNITIES AND STRATEGIC RESPONSES
Strong Demand for Affordable Housing	The demand for affordable housing exceeds the supply of resources as indicated by the more than 12,000 applicants currently listed in *The Housing Registry*	■ Gave priority to those in greatest need ■ Improved housing application and selection processes ■ Piloted new models of support services in public housing buildings
Aging Social Housing Portfolio	Some of the buildings that make up the social housing portfolio are aging, require repair, and their mortgages are beginning to expire; also some developments are located on large parcels of land in central locations that could potentially accommodate more housing	■ Utilized the *Housing Renovation Partnership* to renovate and retrofit social housing in greatest need of repair ■ Partnered with the BC Non-Profit Housing Association (BCNPHA) to research/ identify challenges and opportunities ■ Portfolio planning
Non-profit Sector Sustainability	B.C.'s social housing stock is supported by a large and diverse group of housing providers with a range of portfolios, experience and capacity	■ Reviewed and enhanced the operational review process to better support housing providers to be successful ■ Re-aligned delivery of our services to housing providers ■ Worked with several larger housing providers to consolidate operating agreements

Operating Context *(continued)*

EXTERNAL FACTORS	CHALLENGES	OPPORTUNITIES AND STRATEGIC RESPONSES
Enhanced Federal-Provincial Relationship	Participation from the federal government helps to respond more effectively to growing demand for affordable housing and the needs of the housing sector	■ Implemented partnerships with the federal government for the delivery of programs, e.g., *Seniors' Rental Housing* initiative, *Housing Renovation Partnership* ■ Signed Canada-BC Agreement for Investment in Affordable Housing to support a range of housing needs ■ Launched *Home Adaptations for Independence* to promote accessible, safe and independent living for seniors and persons with disability
Aboriginal Capacity Building	The number of Aboriginal people living off-reserve who are homeless or in core housing need is higher than the incidence of need in the larger population	■ Worked with the Aboriginal Housing Management Association (AHMA) to ensure the on-going successful transition and management of the devolved off-reserve Aboriginal housing portfolio; transferred administration of units to AHMA ■ Created new housing through the *Aboriginal Housing Initiative*
Environmental Sustainability	As much of the existing social housing stock has been constructed over the past two to three decades, there are challenges associated with reducing greenhouse gas emissions in these buildings	■ Implemented our *livegreen: Housing Sustainability Plan* that is focused on sustainability improvements in new and existing social housing ■ New social housing buildings are designed and built to Leadership in Energy and Environmental Design (LEED) certified ■ Invested in building retrofits and upgrades

Report on Performance

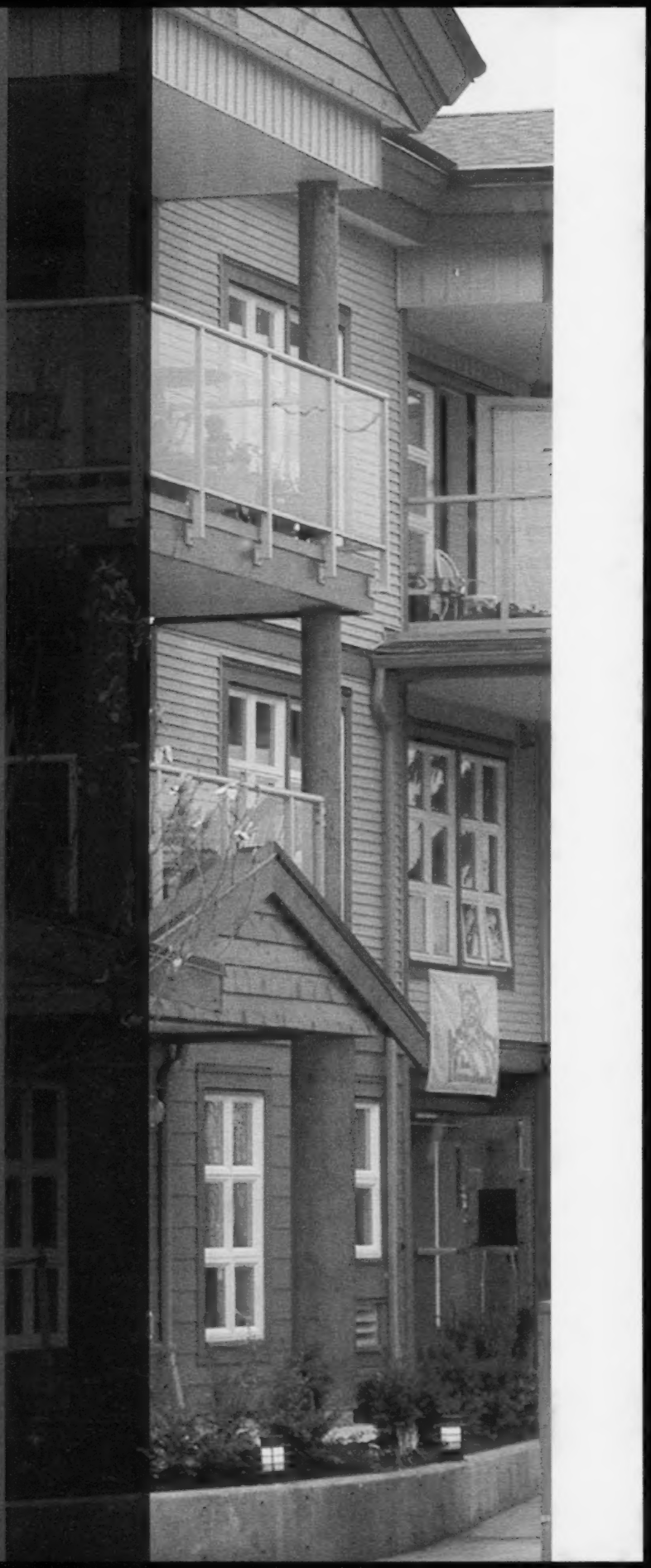
This section sets out BC Housing's Report on Performance for 2011/12. Performance targets were established in the 2011/12 Service Plan for 14 measures for each of our goals and objectives. Targets for 2012/13 to 2014/15 are also shown for reference.

Our Performance Measurement Framework (PMF) provides strong linkages with the province's key strategies as set out in *Housing Matters BC*. We continue to focus on ensuring alignment with our long-term strategies and shorter term goals and objectives, and work to strengthen our reporting and measurement framework.

It should be noted that our PMF was significantly revised in the 2012/13 Service Plan and identifies new and refined strategic priorities for BC Housing over the next three year period. As a result changes have been made to the PMF for 2012/13 that will be reported in next year's 2012/13 Annual Report.

An overview chart of our Performance Management Framework for the 2011/12 fiscal year is shown on pages 22-25. Further information on our PMF and performance measure targets can be found in the appendices:

Appendix A – Changes in Reporting
Appendix B – Disclosure of Key Reporting Judgements



BC Housing Performance Overview – 2011/12

OBJECTIVES	MEASURE	09/10 RESULTS	10/11 RESULTS
Goal 1: Respond to gaps in the housing continuum			
Increasing housing options	Number of new units/beds created in priority areas	1,755	1,812
	Number of new households assisted through rent assistance programs	7,011	7,406
Adapt existing stock to target resources to vulnerable households	Number of existing units adapted to higher priority needs	1,248	1,138
Goal 2: Protect and manage existing housing for the long-term			
Maintain the quality of existing assets	Percentage of clients reporting satisfaction with the quality and safety of their housing	74%	71%
	Percentage of social housing providers meeting financial and operational standards	Revised methodology resulting in new measure	
Facility Condition Index	Ratio of the repair needs to replacement value of current building components of existing assets (expressed as a percentage)	Measure introduced in 2011/2012	
Goal 3: Provide access to appropriate housing and services for vulnerable British Columbians			
Ease of access to housing	Percentage of new applicants reporting satisfaction with the process	89%	88%
	Percentage of homeless individuals accessing housing who remain housed six months after placement	86%[2]	83%
Provide opportunities for greater housing stability	Percentage of clients belonging to priority groups in subsidized housing	85%	86%

[1] Baseline period to be extended for an additional year. See FCI measure performance results on page 32 for more information.

[2] The original 2009/10 result reported for this measure was 89 per cent as the measure only reported on individuals housed through either the *Homeless Outreach Program* or *Aboriginal Homeless Outreach Program*. In 2010/11 the *Emergency Shelter Program* was incorporated into this measure, therefore the 2009/10 result was recalculated to enable us to provide a relevant comparison between years. The inclusion of the Emergency Shelter Program result for 2009/10 of individuals housed and whose housing status could be verified and who remained housed at their six month anniversary of being housed changed the year-end result for this measure from 89 per cent to 86 per cent.

11/12 TARGET	11/12 RESULTS		12/13 TARGET	13/14 TARGET	14/15 TARGET
1,797	2,014	Target achieved	827	1,289	326
6,000	6,861	Target achieved	6,500	6,500	6,500
950	1,032	Target achieved	Measure discontinued; monitoring retained at branch level		
75%	69%	Target not met	Measure replaced in the 2012/13 Service Plan		
Baseline year	Data collection to establish baseline	N/A	To be determined	To be determined	To be determined
30% (Baseline year)	22% (Preliminary result)[1]	Target achieved	Expansion of baseline period	To be determined	To be determined
90%	89%	Target not met	Measure discontinued; monitoring retained at branch level		
85%	81%	Target not met	85%	85%	85%
84%	88%	Target achieved	84%	84%	84%

BC Housing Performance Overview – 2011/12 *(continued)*

OBJECTIVES	MEASURE	09/10 RESULTS	10/11 RESULTS
Goal 4: Help bring about improvements to the quality of residential construction and strengthen consumer protections			
Compliance with the *Homeowner Protection Act*	Builders' rating of the effectiveness of compliance efforts to monitor and enforce licensing and home warranty insurance requirements and the owner builder exemption	80%	Not surveyed
Informed and protected consumers	Homeowner satisfaction with home warranty insurance on their new home	Not surveyed	76%
Goal 5: Organizational excellence			
Financial and operating success	Controllable administration costs as percentage of program delivery costs	8.2%	7.8%
	Per-square-foot construction costs	4.3%	6.27%
Environmental leadership in the housing sector[1]	Percentage reduction in greenhouse gas emissions from 2005 levels[2]	7%	25%
High level of employee engagement	Employee engagement index	Top quartile	Top quartile

[1] The results for this measure are based on a calendar year. For example, 2010 results were reported in the 2010/11 Annual Report, results for 2011 are reported in this 2011/12 Annual Report.

[2] The 2009/10 and 2010/11 results represent the reduction in GHG emissions in offices and public housing buildings managed by BC Housing in 2009 and 2010, respectively.

11/12 TARGET	11/12 RESULTS		12/13 TARGET	13/14 TARGET	14/15 TARGET
82%	80%	Target not met	84%	84%	84%
Not surveyed	Not surveyed	N/A	Measure discontinued; monitoring retained at branch level		
10% or less	7.2%	Target achieved	10% or less	10% or less	10% or less
Within 5%	2.5%	Target achieved	Measure discontinued; monitoring retained at branch level		
5%	16%	Target achieved	10%	10%	10%
Top quartile	Top quartile	Target achieved	Top quartile	Top quartile	Top quartile

Goal 1:
Respond to Gaps in the Housing Continuum

One of our key goals is to respond to gaps along the housing continuum and to expand the range of housing choices and supports for British Columbians in greatest need. We do this by creating new subsidized and supportive housing units through our housing supply programs and initiatives, providing direct cash assistance to low-income seniors and families renting in the private market, and adapting existing social housing to target those in greatest need. Each of these strategies is reliant on establishing successful partnerships with non-profit housing providers, government partners, the private sector and community organizations.

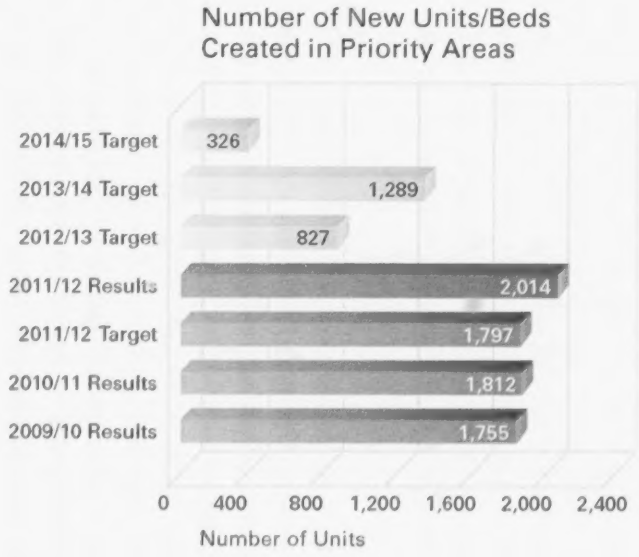
Objective: Increasing Housing Options

MEASURE: NUMBER OF NEW UNITS / BEDS CREATED IN PRIORITY AREAS

Importance of the Measure

This measure monitors BC Housing's performance, through partnerships with non-profit housing providers, in creating new units on the supportive end of the housing continuum. Through our programs we are able to add new housing units for priority groups identified as being the most vulnerable, such as frail seniors, Aboriginal households, people with physical and mental disabilities as well as individuals who are homeless.

The targets are based on the completion of new units (or short-stay emergency beds in some cases) under existing funding programs, such as *Provincial Homelessness Initiative, Independent Living BC, Memoranda of Understanding* with local governments, Community Partnership Initiatives, Aboriginal Housing Initiative and the Seniors' Rental Housing initiative.



Performance Results

In 2011/12, we created 2,014 new units, thereby surpassing our target of 1,797 through a combination of lower construction costs, increased provincial funding and innovative partnerships.

This includes 133 units under the *Provincial Homelessness Initiative,* 423 under the *Community Partnership Initiative,* 33 units under the *Aboriginal Housing Initiative,* 566 units under the *Seniors' Rental Housing* initiative, and 599 units created under *Memoranda of Understanding* with local governments. In addition, there were 68 short-stay shelter beds, 13 spaces to support women and children fleeing violence, 121 units supported by the VANOC *Memoranda of Understanding* and another 58 units under various programs were created. These units were added in 38 communities.

For a more detailed breakdown of all the new units created, please see Appendix B – Disclosure of Key Reporting Judgements.

Objective: Increasing Housing Options *(continued)*

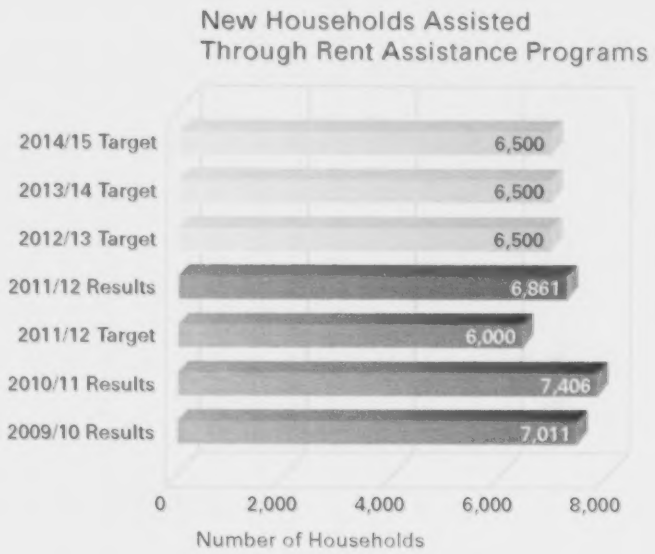
MEASURE: NUMBER OF NEW HOUSEHOLDS[6] ASSISTED THROUGH RENT ASSISTANCE PROGRAMS

Importance of the Measure

This measure monitors the success of BC Housing's rent assistance programs, *Rental Assistance Program* and *Shelter Aid For Elderly Renters* in improving access to affordable rental housing within the private market for low-income households.

These programs assist working families and seniors who do not have enough income to secure housing in the private rental market by bridging the gap between market rents and what a household can afford.

This measure reports on the number of new households receiving subsidies under each of the programs. Target levels reflect estimated program take-up based on past trends as well as the projected level of future demand.



Performance Results

In 2011/12, 6,861 new households received financial assistance. This includes 3,613 low-income families and 3,248 senior households, surpassing the target of 6,000 new households for 2011/12. Although we exceeded our target, analysis of the results indicates a more recent levelling off of the number of applicants. This is in line with our expectations, particularly as most eligible families receiving rent assistance through the *Rental Assistance Program*, would have registered in earlier years.

[6] A new household is defined as a household that is receiving rent subsidies for the first time, or a household that is re-entering the relevant program after a minimum of three months without any subsidy. Please see Appendix B – Disclosure of Key Reporting Judgements for more information.

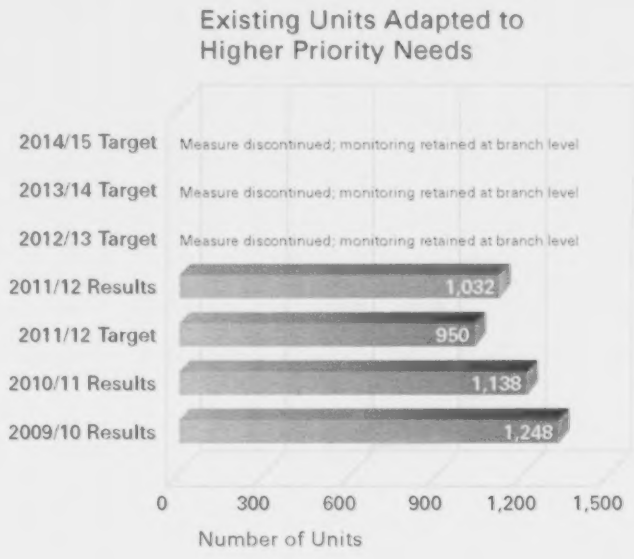
Objective: Adapt Existing Housing Stock to Target Resources to Those Most in Need

MEASURE: NUMBER OF EXISTING UNITS[7] ADAPTED TO HIGHER PRIORITY NEEDS

Importance of the Measure

This measure monitors BC Housing's performance in ensuring that those most in need receive priority for housing assistance through the conversion, adaptation or re-targeting of existing social housing units. Partnerships, including those with local health authorities, government ministries, local agencies and service providers, are critical to achieving our targets.

Targets are based on historical data on the number of individuals and households assisted through the *Health Services Program* and *Priority Placement Program,* as well as other partnership initiatives. The targets also reflect the expected availability of resources as well as past experience in finding suitable partnership opportunities in the community.



Performance Results

For 2011/12, we were able to exceed the target of 950 housing units by adapting 1,032 existing units for priority groups. This increase was in part due to increased provincial funding for housing higher priority tenants. There were 548 individuals with a mental illness or alcohol and drug addiction assisted through the *Health Services Program* and 66 women and children fleeing violence were assisted through the *Priority Placement Program.* In addition 418 clients were housed through the *Supportive Housing Registry* and improved applicant process allowed for more successful matching of individuals with housing and services, which also contributed to exceeding the target.

[7] The term unit applies to homes, rooms, beds and people served. The difference in units is based upon each program's requirements.

Sense of Community Sets Apple Valley Apart

> "This is a wonderful place for me and for everyone who lives here"

"No matter their age, everyone needs to feel useful and part of their community." Those are the words of 56-year-old Debra, who has been living in a fully accessible apartment in Kelowna's Apple Valley complex since May 2011.

Born with cerebral palsy, Debra has used a wheelchair since her thirties. She appreciates the features her home offers: a shower she can wheel into; a stovetop at an appropriate height; a code she uses on the front door so she doesn't have to deal with keys. But it's the sense of community that the building's operator, the Society of Hope, is creating that makes Apple Valley so dear to Debra's heart.

"This is a wonderful place for me and for everyone who lives here," she said. "There are so many ways you can get involved with activities and caring for other residents. I've made some good friends here and I'm having a ball."

Debra treasures her home and the friends she's made there. Apple Valley was funded in part by the *Seniors' Rental Housing* initiative and includes 72 apartments for seniors and people with disabilities including four studio wheelchair units.

Goal 2:
Protect and Manage Existing Housing for the Long-Term

We work to ensure the long-term sustainability of the social housing stock in British Columbia for the benefit of those in greatest need, and while doing so lessen our impact on the environment. Key strategies include carrying out sustainable asset planning and implementation for the maintenance, capital improvement, redevelopment and energy management of the public housing stock. Through the *Housing Renovation Partnership* we have revitalized many social housing developments in need of major renovation and retrofit.

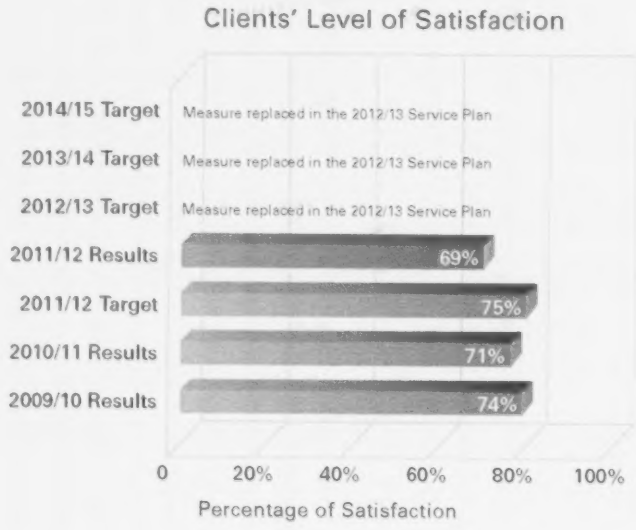
Objective: Maintain the Quality of the Existing Assets

MEASURE: PERCENTAGE OF CLIENTS REPORTING SATISFACTION WITH THE QUALITY AND SAFETY OF THEIR HOUSING

Importance of the Measure

Feedback from tenants living in BC Housing directly managed units is obtained through an annual survey. The results help us to determine whether tenants are satisfied with their housing and receiving the services and support they need. Year-over-year results are analyzed across developments and client groups, thereby helping to provide important insight that is used to strengthen and improve the services we provide.

The measure reports on the percentage of tenants indicating that they are either "very satisfied" or "satisfied" with their overall housing situation including the quality and safety of their housing.



Performance Results

For 2011/12, 69 per cent of tenants living in housing managed by BC Housing reported that they were "very satisfied" or "satisfied" with their overall housing situation. The results are lower than the established target of 74 per cent and likely reflect the impact of ongoing renovations that were carried out through the *Housing Renovation Partnership*. An analysis of the key drivers linked to tenant satisfaction has identified several areas where improvements could also be made: unit maintenance, unit safety and security, and responding to requests in a timely manner. Strategies are being put into place to address these issues.

In August 2011 the tenant survey was mailed to all tenants residing in BC Housing's directly managed properties with tenants able to complete and submit the survey by mail or online. Approximately 1,831 tenants responded to the survey, representing a 31 per cent response rate.

In the 2012/13 Service Plan, this measure is replaced with a similar measure focusing on tenants' rating of BC Housing's service delivery in terms of meeting their housing needs.

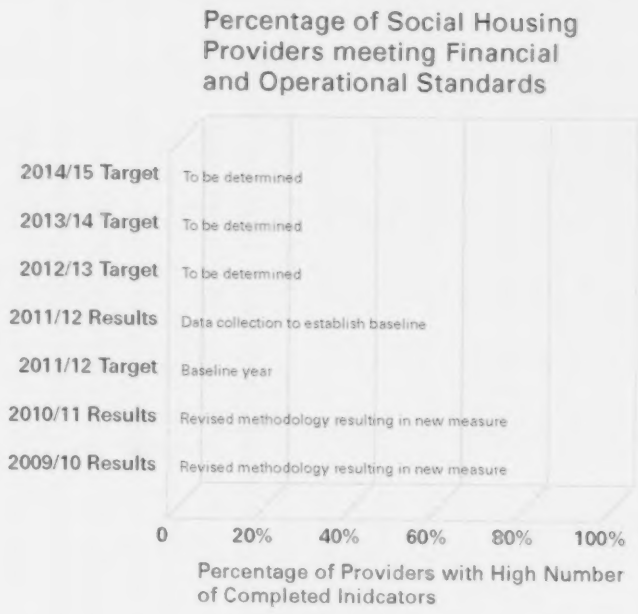
Objective: Maintain the Quality of the Existing Assets *(continued)*

MEASURE: PERCENTAGE OF SOCIAL HOUSING PROVIDERS MEETING FINANCIAL AND OPERATIONAL STANDARDS

Importance of the Measure

During the 2011/12 fiscal year we identified the need to change and enhance our operational review process to better support housing providers and their financial and operational practices. Consultations were held with providers and sector associations on how to improve the process. As a result significant changes were made to the operational review process, meaning that data previously collected for this performance measure is no longer applicable.

As part of our new strategic priority "support a strong non-profit housing sector" in the 2012/13 Service Plan, we identified a new performance measure designed to focus on BC Housing's collaborative efforts with housing providers to enhanced financial and operational practices in the housing sector. This measure is based on the reduction in the number of indicators, identified during the new operational review process, that require follow-up by both BC Housing and housing providers over time. More information on the new measure is available in the 2012/13 – 2014/15 Service Plan.



With these changes, data collected during the 2011/12 fiscal year will form the baseline from which future performance targets will be set.

Objective: Adequate Provisions for Future Requirements

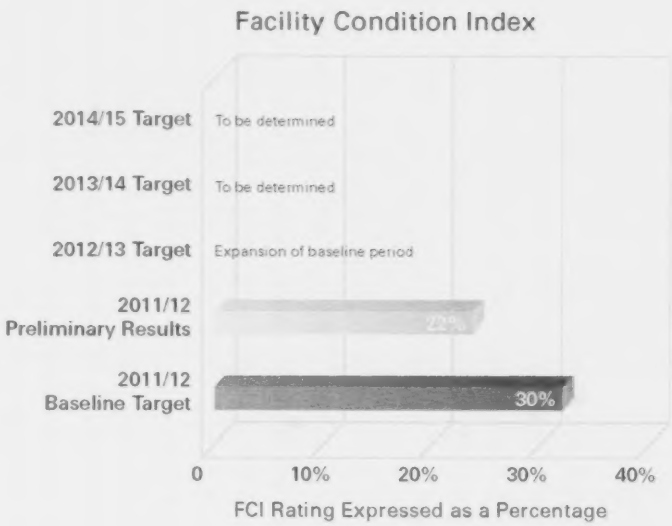
MEASURE: FACILITY CONDITION INDEX

Importance of the Measure

As part of BC Housing's focus on continuous improvement, the Facility Condition Index (FCI) measure was introduced in the 2010/11 Service Plan, with its reporting debut in the 2011/12 Annual Report.

A lower FCI value corresponds to an improved building condition. The initial baseline for 2011/12 was forecast to be 30 per cent. Future targets are set at cumulative one per cent reductions, each year over the next three years, based on the 2011/12 results.

A valuable decision-making tool, BC Housing uses the FCI to assist with investment decisions and strategic directions regarding capital works and budgets for social housing.



Performance Results

Based upon the data collected through the assessment of 97 per cent of the directly managed/SRO housing stock and 10 per cent of the non-profit housing stock, we have determined that a wider sampling of the non-profit housing stock is required in order to provide a more robust baseline and, therefore, we will be extending the baseline period for an additional year. To date, our preliminary results have indicated an overall FCI rating of 22 per cent.

This performance is a result of rehabilitation and repairs carried out through the *Housing Renovation Partnership,* through which we were also able to review the building condition at more housing sites than originally anticipated.

The FCI is the result of the "renewal and replacement needs" divided by the "replacement cost", expressed as a percentage. Based upon the sampling of units assessed (totalling 22 per cent of the housing stock), the preliminary FCI for the housing portfolio has been identified at 22 per cent.[8] Conducting reviews on 22 per cent of the housing stock provides a good preliminary indicator to the overall condition of the housing stock. 2012/13 will see more focus on assessment of the non-profit housing stock with the aim of strengthening our sample of assessed properties across the complete housing portfolio and leading to a more robust baseline.

The types of projects assessed in 2011/12 include: directly managed/SRO stock, group homes, rural native housing, emergency shelters, transition homes, PRHC-owned and non-profit operated, non-profit-owned and operated, and City of Vancouver-owned sites. The average age of the directly managed/Single Room Occupancy (SRO) stock was 43 years, the average age of the non-profit stock was 29 years, resulting in an overall average age of 37 years.

[8] There is no correlation between the FCI result and the percentage of portfolio assessed. The result of 22 per cent for both is a coincidence.

Stratford Gardens Renewed for Years to Come

> "The renovations were part of the joint provincial and federal funding program, the *Housing Renovation Partnership*"

Stratford Gardens in Burnaby was built in 1972 and required major repair work. In addition to the new siding, doors and windows, three of the six buildings received new roofs including the recreation centre, building foundations were waterproofed, the perimeter drainage around each building was replaced, and new patio areas were constructed. Onsite energy-efficient retrofits included low-flow toilets and bathroom fixtures, aerators, and new lighting.

The renovations were part of the joint provincial and federal funding program, the *Housing Renovation Partnership*. A total of 103 social housing sites received funding for renovations.

Goal 3:
Provide Access to Appropriate Housing and Services for Vulnerable British Columbians

Ensuring that low-income individuals and families in greatest need have access to the housing and support services they require is one of BC Housing's highest priorities. Many households face significant barriers to accessing housing in the private market, either as a direct result of financial challenges or in combination with a disability, health issue, mental illness, addiction or other serious circumstances such as domestic violence.

Access to subsidized housing, from emergency shelters and transition houses to long-term supportive housing, plays a critical role in providing stability and needed services. Given the urgency of need, it is important to ensure that these limited housing resources are used as effectively as possible.

Our strategies to meet this goal include the implementation of measures to break the cycle of homelessness and connecting individuals to the housing continuum through emergency shelter services and homeless outreach. We have also enhanced our housing application and selection processes to improve our ability to match applicants in greatest need with suitable housing, and provide new models of on-site support services.

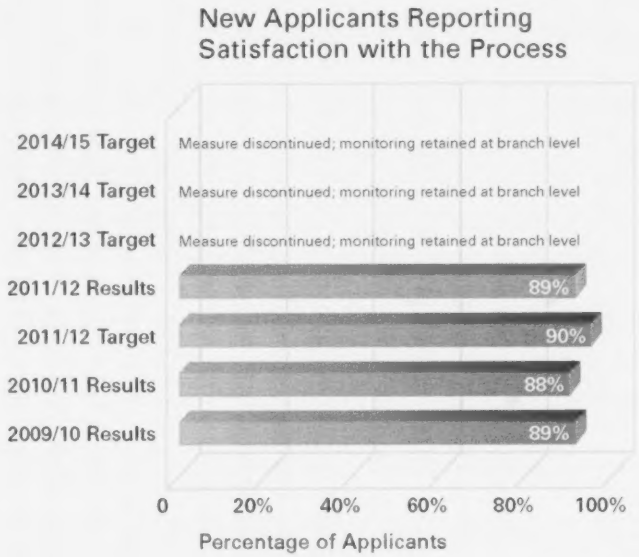
Objective: Ease of Access to Housing

MEASURE: PERCENTAGE OF NEW APPLICANTS REPORTING SATISFACTION WITH THE PROCESS

Importance of the Measure

This measure monitors our performance from an applicant perspective by assessing the degree to which they receive the information they need when applying for housing assistance. It is an important customer feedback mechanism designed to strengthen and improve our business processes.

This measure reports on the percentage of applicants indicating that they are either "very satisfied" or "satisfied" with the application process including information that they received and the assistance provided through BC Housing. Satisfaction levels are monitored closely to review the effects of revised tenant eligibility and selection processes (to prioritize applicants based on the depth and urgency of their housing need) and the higher level of detailed application information required for priority access to housing.



Performance Results

In 2011/12, 89 per cent of applicants reported satisfaction with the process, slightly below the target of 90 per cent. A contributing factor may have been fewer processing staff early in the reporting period, and consequently producing longer response times to calls and inquiries from applicants. We have since redeployed resources and are investigating improvements to ensure good client service delivery.

Objective: Ease of Access to Housing *(continued)*

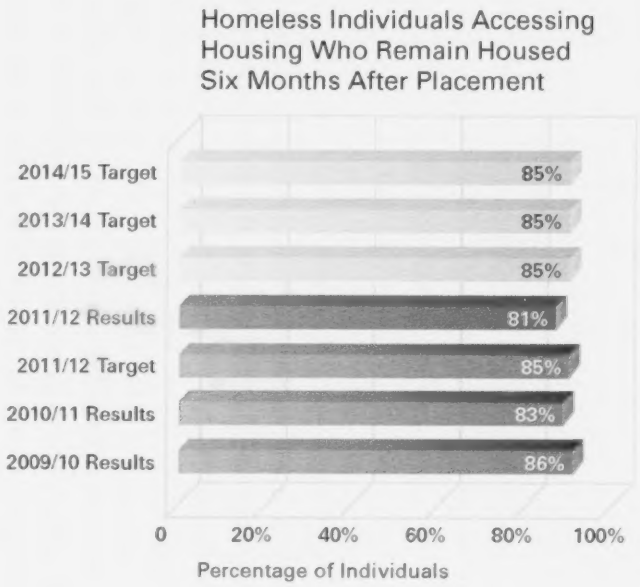
MEASURE: PERCENTAGE OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED SIX MONTHS AFTER PLACEMENT

Importance of the Measure

Measuring the percentage of homeless individuals accessing housing and remaining housed six months after placement enables us to assess the performance of programs and initiatives intended to break the cycle of homelessness. This shifts our monitoring efforts to be more focused on outcomes.

This measure takes into account the number of homeless people who have remained housed six months from their housing date through the *Emergency Shelter Program, Homeless Outreach Program* or *Aboriginal Homeless Outreach Program.*

Only clients whose housing status can be verified at the six month anniversary of being housed are included in this measure. Monitoring housing status at six months is an indicator of stabilization, and the longer an individual is housed, the greater the likelihood they will remain housed.



Performance Results

Eighty-one per cent of the individuals housed through homeless outreach programs from April 1, 2011 to March 31, 2012 remained housed after six months, below our target of 85 per cent. Specifically, the overall result of 81 per cent is an average of the number of individuals housed through the *Aboriginal Homeless Outreach Program* and the *Homeless Outreach Program* (84 per cent) and the *Emergency Shelter Program* (78 per cent).

As some clients require multiple attempts at being housed before they successfully remain housed for an extended period of time, an analysis of the program to date results was conducted. This analysis revealed that since the commencement of this program in April 2008, 84 per cent of the clients that have been placed in stable housing have remained housed. This result varied by program, specifically 87 per cent of the *Homeless Outreach* and *Aboriginal Homeless Outreach* clients and 80 per cent of *Emergency Shelter Program* clients remained housed.

BC Housing conducted additional research in February 2012 with twelve groups of emergency shelter and outreach providers with the aim of identifying contributing factors that may impact a person's ability to remain housed for more than six months. Feedback from providers suggested that there is no single contributing factor that prevents a person from remaining housed; however, some factors included: a greater number of clients with more complex issues which require an increased number of support services, increased cost of housing and decreased availability of affordable housing. Further details have been included in Appendix B – Disclosure of Key Reporting Judgements.

Objective: Available Housing Targeted to those Most in Need

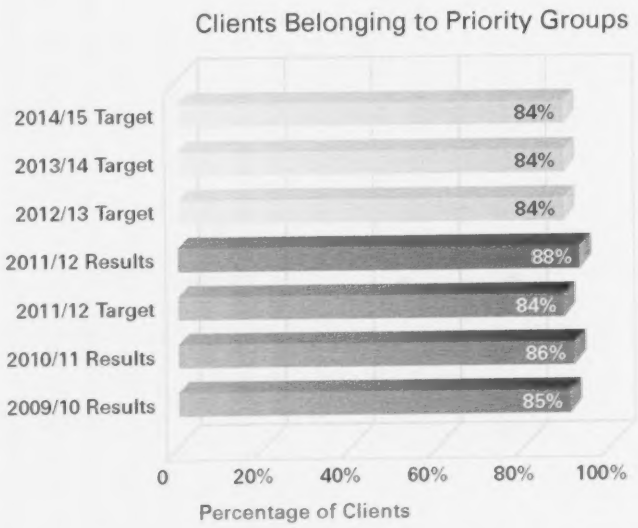
MEASURE: PERCENTAGE OF CLIENTS BELONGING TO PRIORITY GROUPS IN SUBSIDIZED HOUSING

Importance of the Measure

Through this measure we track our performance in ensuring that those in greatest need receive priority assistance for housing.

Priority groups, for the purposes of this measure, are identified as:

- Low-income or frail seniors;
- People with physical or mental disabilities;
- People with a mental illness;
- Women and children who have experienced domestic violence;
- Individuals facing alcohol and drug addiction challenges;
- Aboriginal families and individuals; and,
- Those who are homeless or at risk of homelessness.



The targets are set to reflect the projected number of households in government-assisted housing within one of the designated priority groups, as well as the anticipated number of new and acquired housing units, all of which are targeted to priority groups.

Performance Results

As of March 31, 2012, 88 per cent of all households receiving housing assistance were within one of the identified priority groups, exceeding the target of 84 per cent. This increase reflects the creation of new subsidized housing as well as an increase in the number of existing units adapted for higher priority needs.

New Nanaimo development honours Aboriginal traditions

> "Tenants spend time together, learning to communicate and understand each other"

For many generations, First Nations' children were raised in close-knit family units, with the Elders caring for the grandchildren when the parents were away hunting and gathering. Through their oral tradition, Elders passed down their history and their legends with the youth learning many skills at their sides.

This philosophy was instrumental in the development of Tillicum Lelum Aboriginal Friendship Society's Salish Lelum, an 18-unit supporting housing site developed under an agreement between the society, the Province and the City of Nanaimo. Eight of its apartments are designated for Elders with the other ten set aside for Aboriginal youth.

"There is a common room between the Elders and the youth areas so the two groups can meet and have meals," said Executive Director Grace Elliott Nielsen. "Tenants spend time together, learning to communicate and understand each other."

The society hopes the younger tenants (ages 18 to 24) will become self-sufficient while living at Salish Lelum and move on in a few years to more permanent housing. Elliott Nielsen's hopes for the Elders are that they feel comfortable and that they are making a difference in the lives of the development's Aboriginal youth.

Goal 4:
Help Bring About Improvements in the Quality of Residential Construction and Strengthen Consumer Protections

BC Housing, through the Homeowner Protection Office and in partnership with industry and consumer organizations, provides consumer protection for buyers of new homes and ensures continuous improvements in the quality of residential construction. These activities help support consumer confidence and a thriving residential construction sector in British Columbia.

Our key strategies include: working with the Professional Builders' Institute as well as industry associations to create an accreditation system for builder education and education providers; ensure ongoing compliance under the *Homeowner Protection Act* to support consumer protections; and carry out strategic research and education to support continuous improvement in quality of residential construction and consumer awareness.

Objective: Compliance with the *Homeowner Protection Act*

MEASURE: BUILDERS' RATING OF THE EFFECTIVENESS OF COMPLIANCE EFFORTS TO MONITOR AND ENFORCE LICENSING AND HOME WARRANTY INSURANCE REQUIREMENTS AND THE OWNER BUILDER EXEMPTION

Importance of the Measure

This is a measure of the overall health of the builder licensing, home warranty insurance and owner-builder exemption system whereby compliance issues are dealt with quickly and effectively by the Homeowner Protection Office branch. This assessment is best done by industry participants (licensed residential builders) who operate their businesses within the regulatory framework established by the *Homeowner Protection Act*.

Targets are based on past trends and indicates further improvements in builders' rating of compliance efforts. Commencing 2012/13, this measure will be reported on an annual basis to more effectively monitor performance.

Builders' Rating of the Effectiveness of Compliance Efforts to Monitor and Enforce Licensing and Home Warranty Insurance

Performance Results

The 2011/12 survey, sent to 4,965 builders with 1,316 responding (response rate of 26 per cent), shows that 80 per cent of builders felt that the effectiveness of compliance efforts was "effective" or "very effective". This is slightly below the target of 82 per cent but higher than results in past years.

It is interesting to note that respondents indicating compliance efforts as "very effective" has increased significantly to 31 per cent in 2011/12 compared to 23 per cent in 2009/10. Reducing instances of non-compliance continues to be seen as an area for continued business improvement.

Objective: Informed and Protected Consumers

MEASURE: HOMEOWNER SATISFACTION WITH HOME WARRANTY INSURANCE ON THEIR NEW HOME

Importance of the Measure

This measure tracks homeowner satisfaction with the protection provided by home warranty insurance. Higher levels of satisfaction are supported by consumers' understanding of the home warranty insurance product (including knowledge of their obligations related to warranty insurance) , an informed home-buying process, the quality of construction of their home and the extent to which a defect, if it occurs, is adequately addressed and resolved.

This measure has been monitored on a bi-annual basis and is not reported in the 2011/12 fiscal year. Commencing the 2012/13 fiscal year, it will continue to be monitored but not be reported in our Service Plan.

Residential Construction Performance Guide

> "The guide outlines more than 200 possible defects that are searchable online"

BC Housing works with builders to ensure that B.C. homes are among the most comfortable, durable, and energy efficient in the world. We also have the strongest system of construction defect insurance in Canada. Every new home built for sale by a licensed residential builder is protected by mandatory third-party home warranty insurance.

To help homeowners better understand how warranty providers evaluate claims for possible design, labour or material defects in new homes, the HPO in partnership with warranty insurance providers, has created the *Residential Construction Performance Guide*. This simple, practical reference tool is available online at www.hpo.bc/ca/publications-builders-industry.

The guide outlines more than 200 possible defects that are searchable online. This includes the most common defect claims that might be submitted under a home warranty insurance policy, from windows that malfunction, to driveway or interior concrete floors that have cracked, to siding that has buckled.

The guide sets out the minimum performance required for new homes covered by home warranty insurance, and is designed for conventional low-rise, wood-frame homes. It also provides some helpful guidelines about the common property of larger multi-unit buildings, based on the most frequent concerns identified by warranty providers.

Goal 5:
Organizational Excellence

Providing cost-effective solutions and value for money is central to BC Housing's success in carrying out our mandate. The measures for this goal are about ensuring that we deliver the best possible services in a cost effective and responsible manner.

Our strategies include identifying organizational and operational efficiencies, and ensuring that appropriate structures and processes are in place to control costs and manage risks. Our *People Strategy* supports organizational excellence by building on the skills, energy, talent and passion of the staff who work at BC Housing.

Providing environmental leadership in the housing sector by setting targets to reduce greenhouse gas emissions and also ensuring social housing buildings contribute to sustainable community development are a key component of this goal. As such, the measure has been enhanced to broaden the existing scope and provide further opportunities for us to demonstrate government's commitment to our *livegreen: Housing Sustainability Plan*.

Objective: Financial and Operating Success

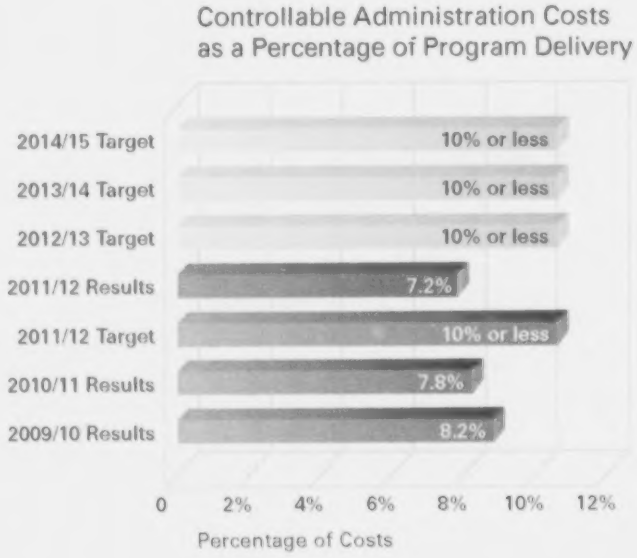
MEASURE: CONTROLLABLE ADMINISTRATION COSTS AS A PERCENTAGE OF PROGRAM DELIVERY COSTS

Importance of the Measure

This is a standard financial measure that assesses the efficiency of BC Housing's management practices by comparing the percentage of controllable administration costs to program delivery costs. The targets are set to ensure that BC Housing continues to maintain this level of performance.

Performance Results

While budget and service delivery increased, the results for 2010/11 indicate BC Housing continues to achieve a high level of performance with 7.2 per cent of administration costs as a per cent of program delivery costs. This exceeds our target of 10 per cent or less.



Objective: Financial and Operating Success *(continued)*

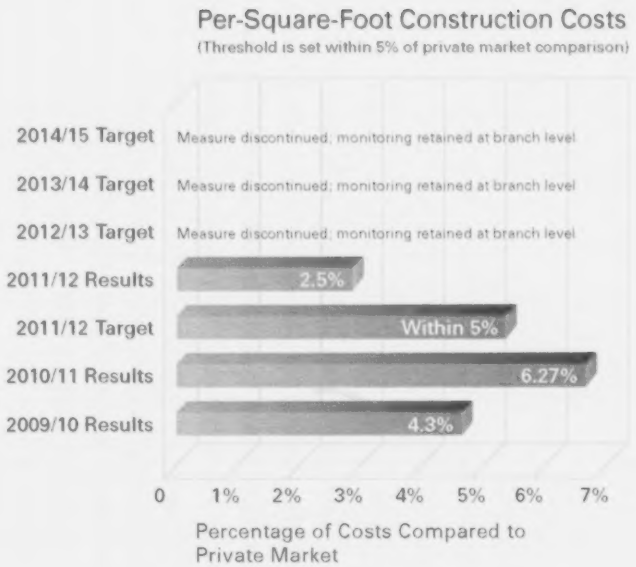
MEASURE: PER-SQUARE-FOOT CONSTRUCTION COSTS

Importance of the Measure

This measure benchmarks the per-square-foot construction cost of new housing with comparable developments in the private sector and provides an indication of the cost-effectiveness of our development practices within the broader residential construction industry. The targets reflect construction costs that are comparable with the market and demonstrate value-for-money. Cost pressures, such as the cost of materials and availability of skilled labour, are monitored on an ongoing basis.

Performance Results

The data showed that BC Housing's per square foot costs, which averaged $161.28 per-square-foot in 2011/12, were within 2.5 per cent of the costs reflected in private market data or industry data, therefore well within our target. The results for 2011/12 compared a sample of nine BC Housing wood-framed developments with four private market developments, as well as industry data.



New social housing developments typically include a combination of services and amenities that make it difficult to make comparisons with the private market. There are many different factors that influence the relevancy of construction cost data comparisons including time, location, building form, unit mix, amenities, scale, efficiency and quality.

Commencing in the 2012/13 fiscal year, this measure will no longer be included in the Service Plan, but will continue to be monitored at the Branch level.

Objective: Environmental Leadership in the Housing Sector

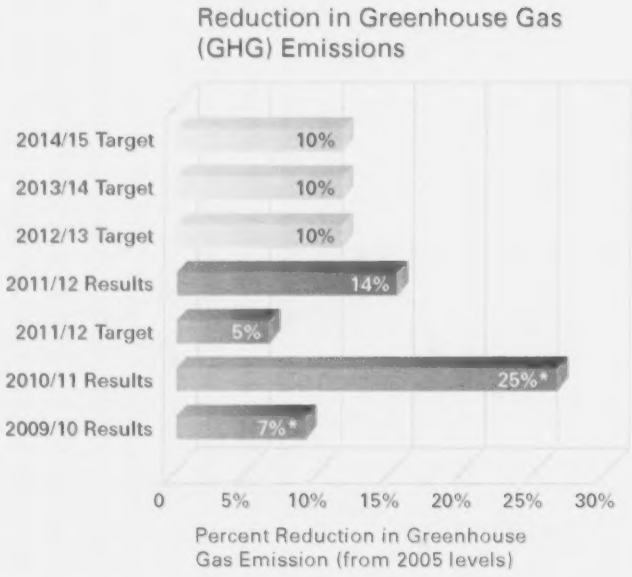
MEASURE: PER CENT REDUCTION IN GREENHOUSE GAS EMISSIONS

Importance of the Measure

This measure tracks BC Housing's progress in reducing greenhouse gas (GHG) emissions and maintaining carbon neutral status as required by the *Greenhouse Gas Reductions Target Act*.

Beginning in 2011/12, the measure was broadened from focusing on directly managed buildings and offices to include the GHG emissions from the entire housing portfolio of buildings owned or leased by BC Housing. This change aligned our reporting with the Carbon Neutral Regulation. Targets for the 2011/12 to 2013/14 period were set at maintaining a five per cent reduction in GHG emissions from the 2005 level. (The original targets for the directly managed portfolio were maintained as sub-targets. For 2011 this sub-target was 20 per cent).

Results continue to be calculated on GHG emissions changes within a calendar year, in accordance with legislative requirements.



*Based on previous methodology.

Performance Results

In 2011 total GHG emissions related to energy use for heating and electricity in all buildings owned or leased by BC Housing (including: directly managed buildings, group homes operated by non-profit housing societies, SROs and rural native housing) were reduced by 16 per cent from the 2005 level. This exceeds our target of five per cent despite a significant growth of our portfolio (the total floor area increased by about seven per cent in 2011 when compared with 2005), and the impact of colder weather last year.

These results can be attributed to the multi-year building upgrade and energy program conducted under the *Housing Renovation Partnership* at 52 housing sites. The work included upgrades to heating and lighting systems, window replacement, and building envelope repairs.

A sub-target of a 20 per cent reduction in GHGs for BC Housing's directly managed portfolio was also exceeded by achieving a 25 per cent reduction in GHGs (against the 2005 baseline).

In order to reflect GHG performance improvements independently from changes in the building stock, the following measures are also used (all against the 2005 baseline):

- Tonnes of GHG emissions per tenant (public housing buildings) = 32 per cent reduction
- Tonnes of GHG emissions per employee (BC Housing offices) = 28 per cent reduction
- Tonnes of GHG emissions per square foot of floor area = 21 per cent reduction

Objective: Environmental Leadership in the Housing Sector *(continued)*

MEASURE: PER CENT REDUCTION IN GREENHOUSE GAS EMISSIONS *(continued)*

Performance Results *(continued)*

These results reflect the increased energy efficiency of public housing buildings achieved through the renovations and upgrades of the older building stock and construction of more energy efficient new buildings.

The total 2011 GHG emissions from buildings was 27,028 tonnes of CO2e. This represents approximately a two per cent increase in emissions compared to 2010. This increase is due to a considerably colder year in 2011, and the addition of new housing units.

In addition, BC Housing also emitted 216 tonnes of CO2e related to fleet vehicles and office paper.

As per the *Greenhouse Gas Reductions Target Act* and the Carbon Neutral Government Regulation, BC Housing purchased carbon offsets from the Pacific Carbon Trust to the equivalent of 27, 159[9] tonnes of CO2e in April 2012, thus becoming carbon neutral for 2011.

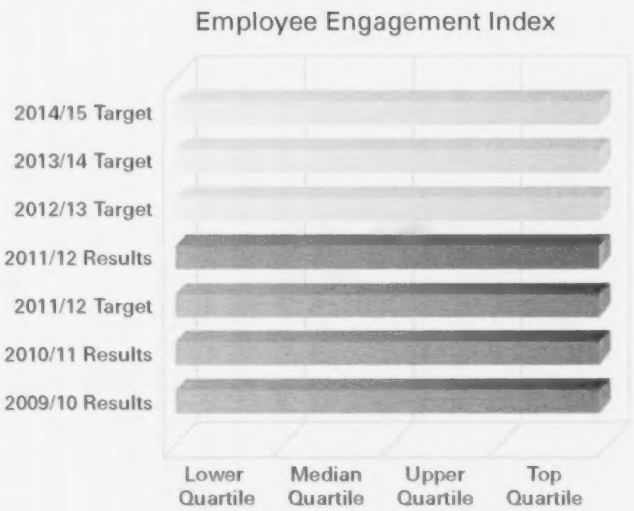
[9] Eighty-six tonnes of carbon dioxide emissions (CO2e) from the combustion of biomass and biomass-based fuels were reported as part of our greenhouse gas emissions profile in 2011. However, as stated in Methodology for Reporting B.C. Public Sector Greenhouse Gas Emissions Version 2.0, the carbon dioxide emissions resulting from the combustion of biogenic fuel sources must be reported but do not require offsets.

Objective: High Level of Employee Engagement

MEASURE: EMPLOYEE ENGAGEMENT INDEX

Importance of the Measure

BC Housing's employees play a critical role in organizational performance. Engagement is a productivity indicator based on employee satisfaction and motivation. Focusing on employee engagement fosters an environment of creativity, innovation, organizational excellence and customer service. A significant contributor to an engaged workforce is access to leadership, learning and growth opportunities which serve to meet business objectives as well as the personal aspirations of employees.



The measure is based on an annual staff survey that gathers feedback on different aspects of the work environment. The survey is designed to gauge the extent to which BC Housing has been successful in building a culture of employee engagement and to identify opportunities for improvement. Results are benchmarked with other employers through the use of standard industry survey instruments. The target is set to ensure that employee engagement continues to be an important focus within the organization and is supported by its *People Strategy*.

Performance Results

In January 2012, 80 per cent of staff participated in the employee engagement survey, and the results again placed BC Housing in the top quartile of employers, meeting our performance target. Specifically, BC Housing maintained an excellent indicator of engagement with 80 per cent agreement when aggregating the 10 benchmark employee engagement questions. (See Appendix B – Disclosure on Reporting Judgements for more information on this measure). In 2005 when the survey was first administered, BC Housing achieved 70 per cent agreement. By 2008, that number had improved to just over 79 per cent agreement.

The top five responses represent two distinctive elements of employee engagement:

1. The employee/manager relationship is the most important in organizational life for motivation and communication (84 per cent of employees strongly agree/agree that they have a good relationship with their manager), and;
2. The remaining four highest responses represent both community and organizational values and cultural alignment within the organization.

BC Housing was also recognized as one of Canada's Top 50 Most Engaged Workplaces in 2011. The level of employee engagement is further demonstration through our employee operated *Community Connections* program. This program reflects our collective desire to support the needs of B.C. charitable organizations that complement our core values and business objectives through activities such as employee donations and volunteerism. The outcome of the success of this program is evident in the survey results.

HPO Guide to Improve Wood-frame Construction

> "The guide explores the latest research, design and construction best practices for building enclosures"

Through the Homeowner Protection Office (HPO) branch, BC Housing published a new guide to enhance the quality of wood-frame multi-unit residential buildings constructed in B.C. *"The Building Enclosure Design Guide – Wood-Frame Multi-Unit Residential Buildings* offers practical solutions to ensure new residential buildings are well constructed," says HPO Vice President and Registrar Wendy Acheson. The guide explores the latest research, design and construction best practices for building enclosures.

It is the first guide of its kind in North America to address design requirements for wood-frame construction in five and six-storey mid-rise buildings and has received coverage in industry publications and websites across Canada and the US. The guide is now required textbook reading for select building courses in educational institutions – including the British Columbia Institute of Technology, Ryerson University, and the University of Waterloo, which speaks to the value of the guide as a teaching tool for future industry professionals.

Management Discussion and Analysis

Operational Overview – 2011/12 Actuals

CONTRIBUTIONS AND EXPENDITURES

Funding		Expenses	
Provincial Government	$464.4M	Emergency Shelter & Housing for Homeless	$214.1M
Federal Government	$239.5M	Transitional Supported & Assisted Living	$148.1M
Tenant Rent	$38.8 M	Independent Social Housing	$317.0 M
Provincial Partnering Ministries	$9.6 M	Rent Assistance in the Private Market (Independent)	$84.5 M
HPO Fees	$5.2 M	HPO Administration, Research & Education	$5.3 M
Other	$12.1 M	Home Adaptations for Independence	$0.6M
Total	**$769.6M**	**Total**	**$769.6M**

GOVERNMENT ASSISTED HOUSING (UNITS)*

Emergency Shelter & Housing for Homeless	10,489
Transitional Supported & Assisted Living	19,047
Independent Social Housing	41,043
Rent Assistance in the Private Market (Independent)	26,456
Total Units	**97,035**

CONSUMER PROTECTION & INCREASED QUALITY OF RESIDENTIAL CONSTRUCTION

New Homes Enrolled in Home Warranty Insurance	22,939
Residential Builders Licenses	5,465
Owner Builder Authorizations	2,556
Research & Education Initiatives**	

* Due to the diverse number of programs delivered by BC Housing, the term unit may refer to a bed, room, apartment or household assisted through a rental subsidy program. Units may differ between programs and/or within programs, depending on the program delivery requirements and available resources.

** The complete range of research and education initiatives carried out through the Homeowner Protection Office branch can be found online at www.hpo.bc.ca/technical-research-education.

In 2011/12 BC Housing spent $769.6 million to improve housing options for British Columbians. Services provided ranged from housing and supports for the most vulnerable to consumer protection and improved quality of residential construction in the private market. In total 97,035 households were assisted through subsidized housing, an increase of over two thousand from the previous year.

Assets and Liabilities

Total assets increased three per cent in 2011/12 versus a 19 per cent growth in 2010/2011. The slower growth in assets is attributable to a reduction in constructions loans ($17 million) as construction activity declined and a minimal return to portfolio investments.

Receivables increased four per cent as HST recoveries on projects declined significantly as a number of PRHC-owned projects reached final completion. HST incurred on construction costs is fully recoverable from the federal government. Amounts due from CMHC increased $22 million as BC Housing started accessing funding under the Investment in Affordable Housing agreement for new social housing and the new *Home Adaptations for Independence* program.

BC Housing's liabilities increased a nominal three per cent over the last fiscal year. Deferred revenue decreased $67 million as CMHC infrastructure funding was applied against completed projects. Social housing agreement reserves also decreased by $8 million to fund a small number of major renovations. Offsetting this decline was a $31 million rise in provincial borrowing by BC Housing, a $24 million rise in amounts due to the PRHC and a $34 million increase in grants in advance of construction.

PRHC's Statement of Financial Position shows the significant impact from the construction that is underway or completed for a number of federal/provincial funded projects. Overall, PRHC's investment in properties increased by 16 per cent, or $147 million, when compared to the prior year. This is due to the addition of $147 million in new social housing or the capitalization of major improvements to PRHC-owned buildings. These additions are offset by the $150 million increase in deferred contributions.

Summary of Financial Results and Budget Projections – 2007/08 to 2014/15

(in thousands of dollars)

	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2011/12 Budget	Budget Variance	Year Variance	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
Revenues											
Provincial Share *	351,690	429,457	390,738	481,472	474,031	493,597	(19,566)	(7,441)	403,824	383,012	393,169
Federal Share	141,270	142,461	165,245	223,423	239,501	223,374	16,127	16,078	176,473	174,678	148,578
Other **	46,802	54,730	64,640	59,168	56,074	54,666	1,408	(3,094)	51,989	52,509	53,559
Total Revenues	539,762	626,648	620,623	764,063	769,606	771,637	(2,060)	5,543	632,286	610,199	595,306
Expenditures											
Housing Subsidies	337,133	380,981	400,552	552,307	554,113	551,495	2,618	1,806	403,201	391,538	381,353
Rent Assistance	45,517	64,022	73,334	76,716	82,327	82,694	(367)	5,611	87,126	85,886	85,958
Building Repairs and Maintenance	68,804	60,629	32,849	24,788	24,089	25,566	(1,477)	(699)	26,750	26,821	26,991
Operating Costs	47,862	55,772	62,889	51,021	47,744	50,617	(2,873)	(3,277)	49,851	50,665	51,529
Other	40,313	65,153	50,973	59,181	61,279	61,265	14	2,098	65,358	65,029	65,105
Total Expenditures	539,629	626,557	620,597	764,013	769,552	771,637	(2,085)	5,539	632,286	619,939	610,936
Net Income***	133	91	26	50	54	-	54	4	-	(9,740)***	(15,630)***
Total Debt	1,000	75,201	53,026	110,475	140,919	140,475	444	30,444	95,475	114,475	99,475
Retained Earnings****	1,382	1,473	1,499	4,717	4,742	4,717	25	25	4,742	(4,998)	(20,628)
Capital Expenditures	5,926	14,995	6,610	3,595	4,772	5,000	(228)	1,177	6,000	6,000	6,000

* In 2011/12 this includes funding of $458.6 million provided directly by the provincial government to BC Housing, $5.8 million from the Housing Endowment Fund and $9.6 million provincial funding through other provincial partnering ministries.

** This includes tenant rent and revenues from other sources.

*** Provincially approved budget deficits for 2013/14 and 2014/15.

**** $3.2 million of retained earning from the Homeowner Protection Office were transferred to BC Housing in 2010/11.

Revenues

The chart above shows BC Housing's actual and forecasted revenues and expenditures from 2007/08 to 2014/15. The 2011/12 fiscal year completed with $769.6 million in revenues. This was $5.5 million, or one percent higher than the previous year. This relatively small net increase reflects the following changes:

- Changes in provincial revenue consisted primarily of:
  - The final year of provincial infrastructure grant initiatives resulted in a $8.9 million increase;
  - The end of funding for the PST relief program through the Homeowner Protection Office resulted in a $5.6 million decrease;
  - Near completion of the grant program for the *Memoranda of Understanding* with municipalities (MOUs) resulted of a $17.7 million decrease;

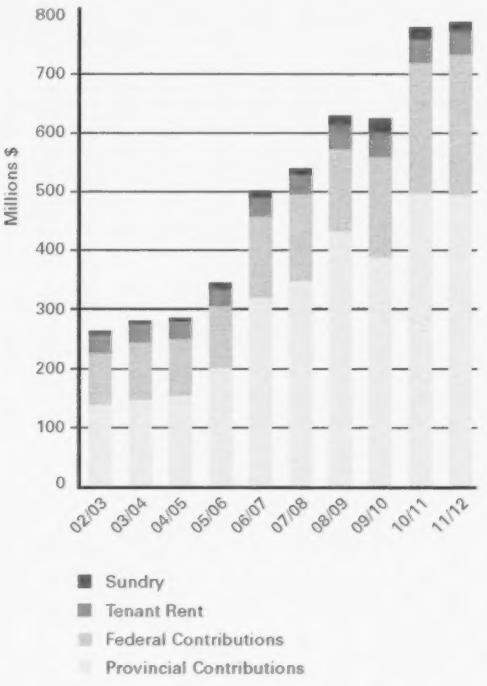
- Funding of operating costs for completed MOUs through the *Housing Endowment Fund* resulted in an increase of $4.7 million; and
- Contributions from PRHC for the Core Street Youth Hub project resulted in an increase of $1.5 million.

- Changes in federal revenue consisted primarily of:
  - Draws from the Social Housing Account for major renovations and repairs resulted in an increase of $5.5 million;
  - Grants under the new Investment in Affordable Housing agreement resulted in an increase of $23.8 million;
  - The third and final year of capital infrastructure grants funded under Canada's Economic Action Plan resulted in a $2.6 million increase; and
  - The final year of capital grants under the Canada-BC Affordable Housing Initiative Extension resulted in a decrease of $15.1 million.
- A $3.1 million net decrease in other revenues primarily the result of reduced investment returns compared to 2010/11.

Revenues in 2011/12 were $2.1 million, or a quarter of one percent below the budget as published in BC Housing's 2012/13 Service Plan.

The chart below shows the change in revenue over the last ten years. Provincial contributions more than tripled over this period. This increase was the result of the construction of new units, transfer of programs from other ministries, and a shift to housing with supports for those most vulnerable. Federal contributions have almost tripled over the last ten years largely because of the devolution of federal social housing administration, and capital infrastructure grants funded under Canada's Economic Action Plan.

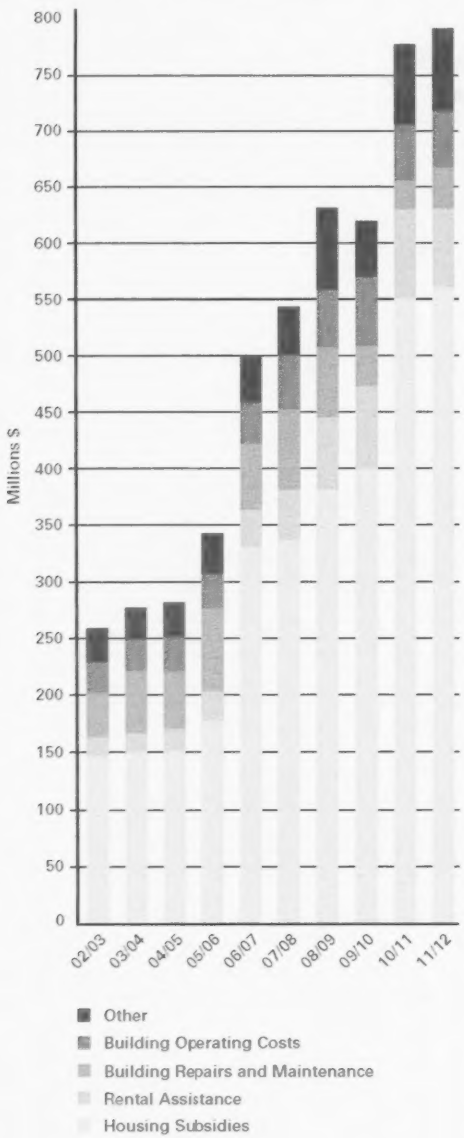
Revenue – 2002/03 to 2011/12



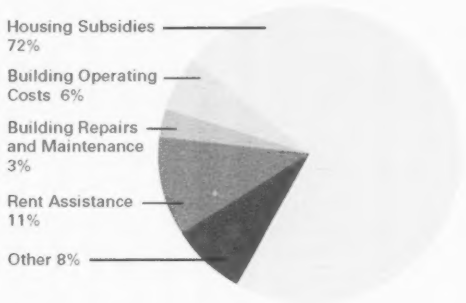
Program Expenditures

The chart below shows BC Housing's expenditures over the past ten years. Total expenditures have almost tripled over this period; whereas housing subsidies and rental assistance have increased fourfold. During this period, BC Housing added approximately 42,500 new households to our housing portfolio and provided an increased level of support services to those most in need.

Expenditures – 2002/03 to 2011/12



Expenditures – Actual 2011/12 ($769 M)



Building repairs and maintenance trended upwards from 2002/03 through 2008/09, and then dropped for the 2009/10 through 2011/12 period. This is a result of BC Housing optimizing federal and provincial infrastructure funds. These funds have allowed BC Housing to shift focus from expensing general repairs to granting major capital improvements for the aging social housing stock. This strategy helps the Commission ensure that the existing housing stock is protected and managed for the long-term.

BC Housing's operating costs have fluctuated over the last decade. The peak in 2009/10 was the result of a change in accounting that was reversed in future years. The majority of the remaining fluctuations are the result of inflation, the fluctuating costs of utilities (such as natural gas), and insurance costs related to the increasing portfolio of PRHC-owned properties.

Other expenditures have continued to grow in line with the overall growth of BC Housing and experienced an increase in 2010/11 when the Homeowner Protection Office became part of BC Housing.

Managing Risk

In the 2011/12 fiscal year, BC Housing averted potential risks by using an enterprise-wide approach to identify and manage risks. Offsetting risks and pressures with opportunities in other areas provided the capacity required for the Commission to continue meeting its objectives.

Opportunities

The following opportunities allowed BC Housing to generate the savings required to offset pressures elsewhere in the commission:

Mortgage/interest rate fluctuations:

Mortgage rates continued to drop in the 11/12 fiscal year, and reached record lows, with takeout rates coming in close to two per cent lower than budgeted. This reduced the operating costs for housing providers, which in turn reduced BC Housing's subsidy expenditures.

Low heating costs:

BC Housing's budget anticipated an increase in the cost of natural gas, yet the average cost per GJ dropped by $0.5. The Commission also managed to reduce consumption through the installation of energy efficient equipment within the housing stock.

Risks and Pressures

Mitigation strategies and redirected savings were used to address the following potential risks, and pressures:

Volatility in the global financial market:

The volatility of the global financial market presented BC Housing with a potential risk in the rate of return on investments. This risk was mitigated by engaging in sound investment management practices, which allowed BC Housing to exceed the investment benchmarks set for the 11/12 fiscal year.

Growth in rent supplement programs:

Demand for rent supplement programs such as *Shelter Aid for Elderly Renters* and the *Rental Assistance Program* exceeded expectations in the 11/12 fiscal year by three per cent. Redirected savings generated through opportunities allowed BC Housing to continue to meet the demands of these programs.

Demand for housing and supportive programs:

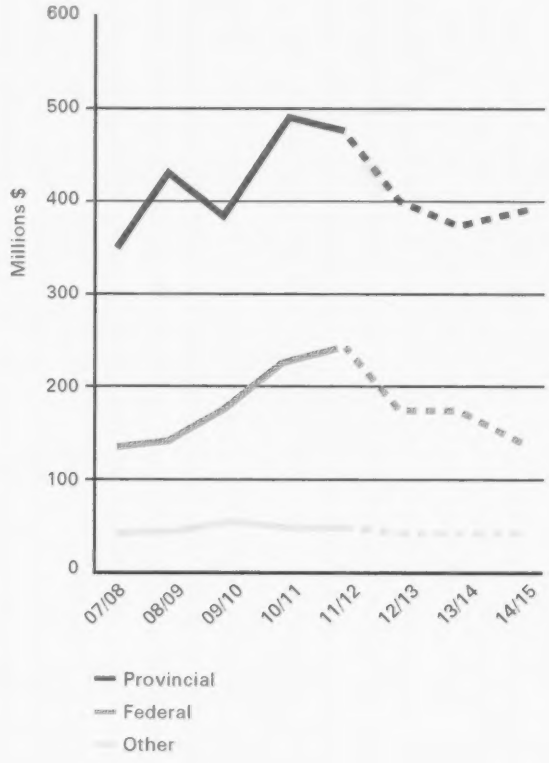
The demand for affordable housing continues to exceed the supply of resources as indicated by the more than 12,000 applicants currently listed in The Housing Registry. Redirecting savings allowed BC Housing to maximize opportunities to address this demand.

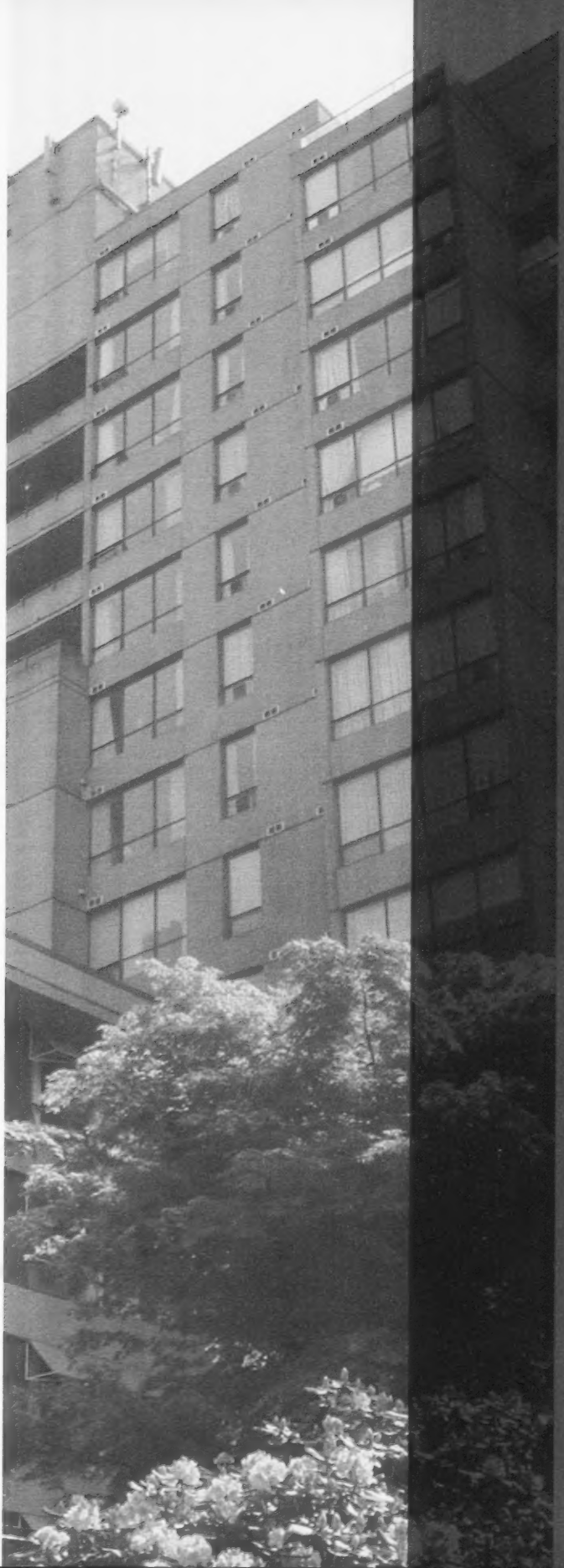
Future Outlook

BC Housing's 2012/13 forecasted operating budget has been approved at $632.3 million. The subsequent forecasts for 2013/14 and 2014/15 decrease to $610.1 million and $595.3 million, respectively. This reduction is the result of adjustments related to one-time capital grant initiatives. Funding related to ongoing costs remain stable over this timeframe.

Through many cost-saving, sustainability initiatives and program delivery models, BC Housing has developed strategies to manage expenditure growth, contain costs, and maximize the effectiveness of our programs. Partnerships have been strengthened for new developments and program delivery has been streamlined, including subsidy administration. In addition, continued reductions in administration expenses and overhead, and risk management strategies, will ensure BC Housing continues to meet its mandate in a cost effective manner.

Revenues





Financial Statements

British Columbia Housing Management Commission
Financial Statements March 31, 2012

British Columbia Housing Management Commission

Financial Statements March 31, 2012

Statement of Management Responsibility

The financial statements of the British Columbia Housing Management Commission (the Commission) are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 15, 2012. The financial statements have also been reviewed by the Audit and Risk Management Committee and approved by the Board of Commissioners.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Commission's financial position, results of operations and cash flows in accordance with Canadian public sector accounting standards. The Independent Auditor's Report, which follows, outlines the scope of their examination and their opinion.

The Board of Commissioners, through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Management Committee meets regularly with the external auditors, the internal auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Commissions. The Audit and Risk Management Committee also recommends the appointment of an external auditor to the Board of Commissioners. The external auditor has full and open access to the Audit and Risk Management Committee, with and without the presence of management.

Shayne Ramsay
Chief Executive Officer

Dan Maxwell
Vice President of Corporate Services and Chief Financial Officer

May 15, 2012

BDO

Tel: 604 688 5421
Fax: 604 688 5132
vancouver@bdo.ca
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the Board of Commissioners of
British Columbia Housing Management Commission

We have audited the accompanying financial statements of the British Columbia Housing Management Commission which comprise the Statements of Financial Position as at March 31, 2012, March 31, 2011 and April 1, 2010, and the Statements of Operations, Change in Net Debt and Cash Flows for the years ended March 31, 2012 and March 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the British Columbia Housing Management Commission as at March 31, 2012, March 31, 2011 and April 1, 2010, and the results of its operations and its cash flows for the years ended March 31, 2012 and March 31, 2011, in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Vancouver, British Columbia
May 15, 2012

Statement of Financial Position

British Columbia Housing Management Commission

	March 31 2012 ($000's)	March 31 2011 ($000's)	April 1 2010 ($000's)
FINANCIAL ASSETS			
Cash	$ 1,448	$ 426	$ 5,604
Portfolio investments (Note 4)	98,827	97,822	88,522
Receivables	23,566	22,621	16,096
Due from Province of British Columbia (Note16)	991	266	13,138
Due from Canada Mortgage and Housing Corporation (Note16)	33,959	11,748	13,702
Construction loans to housing projects (Note 5)	185,182	202,340	135,645
Mortgages receivable (Note 6)	491	643	1,608
	344,464	335,866	274,315
LIABILITIES			
Accounts payable and accrued liabilities	36,852	41,326	36,423
Deferred revenue (Note 7)	53,232	119,891	135,573
Due to Provincial Rental Housing Corporation (Note 8)	58,801	34,383	14,177
Tenants' prepaid rent	1,087	1,108	919
Due to Provincial Treasury	140,919	110,475	53,026
Society funds held on deposit (Note 9)	23,639	24,199	20,784
Grants received in advance of construction (Note 10)	44,687	9,901	27,113
Social Housing Agreement Reserves (Note 11)	16,341	24,363	22,111
	375,558	365,646	310,126
NET DEBT	(31,094)	(29,780)	(35,811)
NON-FINANCIAL ASSETS			
Prepaid expenses and housing subsidies	24,934	23,294	22,826
Tangible capital assets (Note 12)	10,902	11,203	14,484
	35,836	34,497	37,310
ACCUMULATED SURPLUS	4,742	4,717	1,499
Accumulated surplus is comprised of:			
Accumulated surplus from operations	2,169	2,115	4,792
Accumulated remeasurement gains/(losses)	2,573	2,602	(3,293)
	4,742	4,717	1,499

Commitments (Note 15) • Contingencies (Note 17)

On behalf of the Board

Chair

See accompanying notes to the financial statements

Statement of Operations

British Columbia Housing Management Commission

Year Ended March 31	2012 Budget (Note 13) ($000's)	2012 Actuals ($000's)	2010 Actuals (Notes 3 & 4) ($000's)
REVENUE			
Provincial contributions	$ 521,635	$ 474,031	$ 481,472
Federal contributions	202,176	239,501	223,423
Tenant rent	47,534	38,781	36,734
Other	13,759	16,506	15,457
Portfolio investment income (Note 3 & 4)	4,500	787	1,082
	789,604	769,606	758,168
EXPENSES			
Housing subsidies	547,946	555,173	552,307
Rental assistance	80,144	82,327	76,716
Salaries and labour	52,133	48,618	48,553
Operating expenses	41,064	22,961	25,624
Building maintenance	16,626	12,223	12,924
Building modernization and improvement	12,245	11,866	11,864
Office and overhead	9,819	10,574	10,076
Building mortgage costs	8,718	8,718	8,718
Utilities	12,276	8,459	8,873
Grants in lieu of property taxes (Note 14)	8,033	7,606	7,806
Interest expense	600	1,027	552
	789,604	769,552	764,013
Annual surplus/(deficit) from operations before transfer		54	(5,845)
Add transfer of Homeowner Protection Office, net assets		-	3,168
ANNUAL SURPLUS/(DEFICIT) FROM OPERATIONS		54	(2,677)
Accumulated surplus from operations, beginning of year		2,115	4,792
Accumulated surplus from operations, end of year		$ 2,169	$ 2,115

See accompanying notes to the financial statements

Statement of Cash Flows

British Columbia Housing Management Commission

Year Ended March 31	2012 ($000's)	2011 ($000's)
Cash flows provided by (used in)		
OPERATING TRANSACTIONS		
Annual surplus (deficit) from operations	$ 54	$ (5,845)
Adjustments to determine cash flows:		
Change in non-cash working capital	(96,675)	(3,150)
Depreciation	5,073	7,289
Realized portfolio investment loss	946	-
	(90,602)	(1,706)
CAPITAL TRANSACTIONS		
Capital asset additions	(4,772)	(3,595)
INVESTING TRANSACTIONS		
Construction loans provided to housing projects	17,158	(66,695)
Portfolio investments	(1,732)	(1,082)
Mortgages receivable	152	965
Transfer of Homeowner Protection cash	-	3,148
	15,578	(63,664)
FINANCING TRANSACTIONS		
Grants received in advance of construction	34,786	(17,212)
Due to Provincial Treasury	30,444	57,449
Advances from Provincial Rental Housing Corporation	24,418	20,206
Social Housing Agreement Reserves	(8,270)	(71)
Society funds held on deposit	(560)	3,415
	80,818	63,787
Increase (decrease) in cash	1,022	(5,178)
Cash, beginning of year	426	5,604
Cash, end of year	$ 1,448	$ 426

See accompanying notes to the financial statements

Statement of Remeasurement Gains and Losses

British Columbia Housing Management Commission

Year Ended March 31	2012 ($000's)	2011 ($000's)
Accumulated remeasurement gains and (losses), beginning of year	$ 2,602	$ (3,293)
Amount released to income statement	(1,819)	-
Unrealized gains attributable to portfolio investments	1,790	5,895
Net remeasurement gains and (losses) for the year	(29)	5,895
Accumulated remeasurement gains, end of year	$ 2,573	$ 2,602

Statement of Change in Net Debt

British Columbia Housing Management Commission

Year Ended March 31	Budget ($000's)	2012 ($000's)	2011 ($000's)
ANNUAL SURPLUS/(DEFICIT) FROM OPERATIONS		$ 54	$ (2,677)
Net remeasurement gains/losses		(29)	5,895
		25	3,218
Amortization of tangible capital assets	$ 8,488	5,073	7,289
Acquisition of tangible capital assets	-	(4,772)	(4,008)
	8,488	301	3,281
Acquisition of prepaid expenses		(276,026)	(259,841)
Use of prepaid expenses		274,386	259,373
		(1,640)	(468)
Changes in net debt for the year		(1,314)	6,031
NET DEBT, BEGINNING OF YEAR		(29,780)	(35,811)
NET DEBT, END OF YEAR		$ (31,094)	$ (29,780)

See accompanying notes to the financial statements

Notes to the Financial Statements

British Columbia Housing Management Commission
March 31, 2012

1. GENERAL

The British Columbia Housing Management Commission is a Crown agency, established in 1967, responsible for developing new social housing under Provincial Housing Programs administering the Province's Shelter Aid for Elderly Renters program, Rental Assistance Program, licensing of builders, overseeing the third-party home warranty insurance system; and administering a variety of other federal and/or provincial housing programs. The Commission manages public housing stock and administers agreements relating to units managed by housing sponsors. The Commission ensures that provincial housing policy is reflected in its programs and that these are delivered in a co-ordinated, cost-effective manner. The Commission is exempt from federal and provincial income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Province of British Columbia, Ministry of Finance regulation 688-2010 that requires taxpayer-supported organizations to adopt Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

Conversion to Canadian Public Sector Accounting Standards

Commencing with the 2011/12 fiscal year, the Commission has adopted Canadian public sector accounting ("PSA") standards as issued by the Public Sector Accounting Board. These financial statements are the first financial statements for which the Commission has applied PSA standards. The Commission has early adopted the accounting standards contained in PS 1201 – Financial statement presentation, PS 3410 – Government transfers, and PS 3450 – Financial instruments in the preparation of these financial statements (Note 3).

Use of Estimates

In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimating the useful life of capital assets and the write-down of proposal development advances require the greatest degree of estimation. Actual results could differ from those estimates.

Revenue Recognition

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Tenant Rent Revenue

Tenant rent revenue represents rent charged to residents, and is determined as the lesser of market rent and a percentage of each resident's income.

Tangible Capital Assets

Tangible capital assets are recorded at cost and depreciated over their estimated useful lives.

Desktop applications and computer hardware are depreciated on a three year amortization period. Server applications and communications hardware and components are depreciated on a five year amortization period. Enterprise applications are depreciated on a ten year amortization period. All other capital assets are depreciated over a five year amortization period.

Employee Benefit Plans

The employees and employers of the public service contribute to the Public Service Pension Plan (the Plan), a jointly trusteed pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits are defined. The Plan has about 56,000 active plan members and approximately 37,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest valuation as at March 31, 2011, indicated an actuarial deficit of $275 million for basic pension benefits. The next valuation will be as at March 31, 2014 with results available in early 2015. The actuary does not attribute portions of the unfunded liability or surplus to individual employers. The Commission paid $3,532,685 for employer contributions to the Plan in fiscal 2012 (2011: $3,379,869).

Financial Instruments

The Commission's financial instruments consist of cash, portfolio investments, receivables, due from the Province of British Columbia, due from Canada Mortgage and Housing Corporation, mortgages receivable, construction loans to housing projects, accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation, due to Provincial Treasury and Society funds held on deposit. These financial instruments are accounted for as follows:

Portfolio Investments Portfolio investments are recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in income. Realized gains and losses are recognized in the operating statement and unrealized gains/losses from changes in fair value are recorded in the statement of remeasurement gains and losses.

Other Financial Instruments All other financial instruments are recorded on an amortized cost basis using the effective interest rate method where appropriate.

3. CHANGE IN ACCOUNTING FRAMEWORK

On April 1, 2011, the Commission adopted the PSA accounting framework, replacing the existing section 4400 of the CICA Handbook. Comparative figures have also been adjusted to be reported under this framework. This accounting change impacted the format of the statement of financial position and required two new financial statements – the statement of remeasurement gains and losses and the statement of changes in net debt. The Statement of Financial Position reports a third column (the balances as at April 1, 2010, the date of transition), for this transitional reporting period only.

The adoption of the new reporting framework resulted in the following adjustment to the opening balance of accumulated surplus from operations on transition:

	($000's)
Net assets reported under Canadian GAAP at transition date	$ 1,499
Accumulated surplus from operations at transition date	$ 4,792
Accumulated remeasurement gains/losses	(3,293)
Accumulated Surplus	$ 1,499

Portfolio Investment Income

The adoption of the PSA accounting framework including PSAB Handbook Section 3450, resulted in the following adjustment to investment income representing unrealized investment income which is now reported in the statement of remeasurement gains and losses:

	Previously Stated March 31, 2011 ($000's)	Adjustment ($000's)	Restated March 31, 2011 ($000's)
Portfolio investment income	$ 6,977	$ (5,895)	$ 1,082

4. PORTFOLIO INVESTMENTS

BC Housing invests funds in trust on behalf of non-profit housing providers, funds for specifics reserves and funds provided by ministries for specific housing projects. These investments are held in pooled investments and managed by two investment management firms. Income derived under the investments are reinvested into the portfolio. An investment committee meets periodically to review the performance of the fund managers and ensure compliance with the BC Housing investment policy. Quarterly reports are provided to the Board. The investment policy has the following asset target components: 40% Fixed Income, 30% Canadian Equity; and 30% International Equity. The market yield over fiscal 11/12 was 1.03%.

5. CONSTRUCTION LOANS TO HOUSING PROJECTS

In its capacity as a National Housing Act approved lender, the Commission funds construction draws for societies who are building approved projects under social housing programs. These advances are repaid at substantial completion of each project from financing arranged with private lenders. The average period of construction financing can range from 18 months to over two years. Societies are charged interest at the Province's weighted average borrowing rate for short-term funds, plus administration costs.

6. MORTGAGES RECEIVABLE

The Commission periodically continues to hold construction financing mortgages receivable after construction completes. In all but rare situations, these mortgages are tendered for take-out financing provided by private sector financial institutions within twelve months of the construction completion date. These mortgages are secured by property and bear interest of up to 3.95% and generally are repaid within a year.

7. DEFERRED REVENUE

These funds are restricted contributions received in advance of related expenditures that are incurred in the following fiscal year.

	April 1 2010 ($000's)	2011 ($000's)	Contributions Received ($000's)	Revenue Recognized ($000's)	2012 ($000's)
Provincial Contributions	$ 34,310	$ 34,931	$ 458,747	$ (461,387)	$ 32,291
Canada Mortgage and Housing Corporation	101,263	84,960	167,328	(231,347)	20,941
	$ 135,573	$ 119,891	$ 626,075	$ (692,734)	$ 53,232

The Social Housing Agreement Reserves (Note 11) represent further restricted contributions from Canada Mortgage and Housing Corporation of a long term nature.

8. DUE TO PROVINCIAL RENTAL HOUSING CORPORATION

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The advances are non-interest bearing with no set terms of repayment. Provincial Rental Housing Corporation (PRHC) is a Crown corporation managed by the Commission.

9. SOCIETY FUNDS HELD ON DEPOSIT

These funds represent the balance of mortgage advances held to cover various non-profit society construction and soft costs required to complete their projects. Interest accrues on the society funds at the Province's weighted average borrowing rate for short term funds.

10. GRANTS RECEIVED IN ADVANCE OF CONSTRUCTION

The Commission receives funds from the Province and Canada Mortgage and Housing Corporation (CMHC), the use of which is restricted to the construction of specific social housing projects.

	April 1 2010 ($000's)	2011 ($000's)	Grants Received ($000's)	Construction Costs Incurred ($000's)	2012 ($000's)
Project Grants	$ 26,595	$ $9,639	$ 20,756	$ (16,696)	$ 13,699
Provincial Economic Stimulus Fund	-	-	118,778	(118,778)	-
CMHC - Economic Stimulus Fund	-	-	65,792	(65,792)	-
CMHC - AHI Extension	-	-	4,448	(4,448)	-
CMHC - IAH	-	-	23,486	(676)	22,810
CMHC - SHA	-	-	8,154	(69)	8,085
CMHC - Phase 1	116	49	-	(48)	1
Ministry - Other	402	213	-	(121)	92
	$ 27,113	$ 9,901	$ 241,414	$ (206,628)	$ 44,687

11. SOCIAL HOUSING AGREEMENT RESERVES

The funds are available to offset future cost increases in the federal social housing portfolio due to inflation and changes in interest rates, or losses on loans owing by third parties. The funds are restricted under the Social Housing Agreement (SHA) and may only be used for housing within the SHA portfolio.

	2012 ($000's)	2011 ($000's)	April 1 2010 ($000's)
Balance, beginning of year	$ 24,363	$ 22,111	$ 18,157
Funds applied	(8,154)	(59)	(147)
Investment income	132	2,312	4,101
Balance, end of year	$ 16,341	$ 24,363	$ 22,111

12. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Depreciation	2012 ($000's) Net Book Value	2011 ($000's) Net Book Value	April 1 2010 ($000's) Net Book Value
Computer software	$ 31,497	$ 23,207	$ 8,290	$ 6,861	$ 6,882
Computer hardware	6,684	6,509	175	834	1,467
Tenant improvements	8,927	7,531	1,396	2,355	4,742
Office furniture	4,006	3,467	539	661	976
Office equipment	649	636	13	29	50
Vehicles	995	664	331	249	271
Grounds equipment	518	360	158	214	96
	$ 53,276	$ 42,374	$ 10,902	$ 11,203	$ 14,484

13. BUDGET FIGURES

Budgeted figures are provided for comparative purposes are consistent with the 2011/12 Service Plan budgeted figures that were released in early 2011.

14. GRANTS IN LIEU OF PROPERTY TAXES

The Commission, on behalf of the Province and CMHC, pays each municipality a grant equivalent to gross property taxes due for all residential properties and projects managed.

15. COMMITMENTS

a) Rental Obligations

The Commission has minimum rental obligations under operating leases for office space over the next five fiscal years as follows:

	($000's)
2013	$ 4,321
2014	4,166
2015	4,196
2016	4,031
2017	3,872

b) Contractual Obligations

The Commission has significant contractual obligations with not for profit housing societies for the provision of annual subsidies. The current annual subsidy is $307,323,000 with a forecasted amount $344,919,000 in 5 years. These contracts are reviewed annually to evaluate the level of commitment.

c) Loan Insurance Agreement

CMHC provides loan insurance under the National Housing Act, to assist the Commission in securing mortgages for PRHC and not for profit housing providers. In the event of a loan default, the Commission is required to rectify the default and fully reimburse CMHC for claims paid to approved lenders. Since the establishment of this agreement in January 1993, there has never been a claim made under this agreement. The Commission underwrites these mortgages in accordance with CMHC guidelines for multi-unit properties, places charges on title to ensure access to property and requires housing providers to have an operating agreement with the Commission ensuring ongoing access to financial information.

The maximum value of mortgages that can be insured under this agreement is $2.5 billion. As of March 31, 2012, the total value of outstanding CMHC insured mortgages was $1,477,973,023 (2011: $1,553,242,085). There is no claim expected on this portfolio and the Corporation has not recorded a provision for loss.

16. RELATED PARTY TRANSACTIONS

In the normal course of operations, the Commission periodically invoices the provincial government and federal/provincial crown agencies under various funding arrangements or agreements for social housing programs. Funds are due on receipt of the invoice and bear no interest.

These statements do not include the capital cost of projects owned by PRHC. Separate financial statements are prepared for PRHC which is a Crown corporation managed by the Commission.

17. CONTINGENCIES

Letters of Guarantee

As at March 31, 2012, the Commission was contingently liable with respect to letters of guarantee totalling $2,044,439 for municipal development cost charges.

Legal Claims

The nature of the Commission's activities is such that there will be litigation pending or in progress at any time. With respect to claims at March 31, 2012, management is of the opinion that it has valid defenses and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have a material effect on the Commission's financial position. Outstanding contingencies are reviewed on an ongoing basis and are provided for based on management's best estimate of the ultimate settlement.

18. FINANCIAL INSTRUMENT RISKS

The Commission, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2012.

a) Credit Risk

Credit risk is the risk that the Commission will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Commission to credit risk consist primarily of cash and short term investments, accounts receivable, mortgage receivables and construction loans. The Commission has an investment policy to ensure investments are managed appropriately to secure the preservation of capital and the availability of liquid funds. The Commission has also retained two qualified investment firms to invest surplus funds in accordance with its investment policy. The majority of receivables are due from federal and provincial agencies. Mortgage receivables are secured by property and are generally held for short periods (Note 6). Construction loans are also secured by property and repaid at substantial completion of project (Note 5).

b) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Commission is not exposed to foreign exchange risk as all securities are denominated in Canadian dollars.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Construction loans bear interest at the Province's weighted average borrowing rate, but these loans are short term. Investments bear some interest rate risk but these risks are mitigated through the diversification of the portfolio.

d) Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market (Note 2 – financial instruments).

e) Liquidity Risk

Liquidity risk is the risk that the Commission will not be able to meet its obligations as they fall due. The Commission maintains adequate levels of working capital to ensure all its obligations can be met when they fall due (Note 2 – financial instruments).

19. CAPITAL DISCLOSURES

The Commission considers its capital to be its net assets. Its restricted net assets consist of amounts invested in capital assets (Note 12). The Commission's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide services. Annual budgets are developed and monitored to ensure the Commission's capital is maintained at an appropriate level.

As a Crown corporation, the Commission cannot incur an annual or cumulative deficit without the prior approval of the Minister of Energy and Mines (Minister Responsible for Housing).

Financial Statements

Provincial Rental Housing Corporation
Financial Statements March 31, 2012

Provincial Rental Housing Corporation

Financial Statements March 31, 2012

Statement of Management Responsibility

The financial statements of the Provincial Rental Housing Corporation (the Corporation) are the responsibility of management and have been prepared in accordance with public sector accounting standards, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 15, 2012. The financial statements have also been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Corporation's financial position, results of operations, changes in net assets and cash flows in accordance with Canadian public sector accounting standards. The Independent Auditor's Report, which follows, outlines the scope of their examination and their opinion.

The Board of Directors, through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Management Committee meets regularly with the external auditors, the internal auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Commissions. The Audit and Risk Management Committee also recommends the appointment of an external auditor to the Board of Directors. The external auditor has full and open access to the Audit and Risk Management Committee, with and without the presence of management.

Shayne Ramsay
Chief Executive Officer

Dan Maxwell
Vice President of Corporate Services and Chief Financial Officer

May 15, 2012

BDO

Tel: 604 688 5421
Fax: 604 688 5132
vancouver@bdo.ca
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the Board and Shareholder of
Provincial Rental Housing Corporation

We have audited the accompanying financial statements of the Provincial Rental Housing Corporation, which comprise the Statements of Financial Position as at March 31, 2012, March 31, 2011 and April 1, 2010, and the Statements of Operations, Change in Net Debt and Cash Flows for the years ended March 31, 2012 and March 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statements of Financial Position as at March 31, 2012, March 31, 2011 and April 1, 2010, and the Statements of Operations, Change in Net Debt and Cash Flows for the years ended March 31, 2012 and March 31, 2011 are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 14 to the financial statements discloses the impact of these differences.

BDO Canada LLP

Chartered Accountants

Vancouver, British Columbia
May 15, 2012

Statement of Financial Position

Provincial Rental Housing Corporation

	March 31 2012 ($000's)	March 31 2011 ($000's)	April 1 2010 ($000's)
FINANCIAL ASSETS			
Cash	$ 1	$ 1	$ 1
Debenture subsidy receivable	889	900	910
Due from BC Housing Management Commission (Note 4)	58,801	34,383	14,177
Loan receivables (Note 5)	1,726	-	-
	61,417	35,284	15,088
LIABILITIES			
Interest payable	492	513	532
Property sale deposit (Note 6)	20,000	20,000	20,000
Funding in advance of construction (Note 7)	25	1,827	28,744
Deferred contributions (Note 8)	560,885	411,489	180,686
Unearned lease revenue	83,781	85,832	87,883
Long-term debt (Note 10)	231,301	217,955	205,856
	896,484	737,616	523,701
NET DEBT	(835,067)	(702,332)	(508,613)
NON-FINANCIAL ASSETS			
Tangible capital assets (Note 11)	1,096,036	948,986	739,717
ACCUMULATED SURPLUS	$ 260,969	$ 246,654	$ 231,104

On behalf of the Board

Director

Director

See accompanying notes to the financial statements

Statement of Operations

Provincial Rental Housing Corporation

Year Ended March 31	2012 ($000's)	2011 (Note 3) ($000's)
REVENUE		
Directly managed debenture subsidy	$ 13,315	$ 13,178
Contribution revenue	39,753	16,230
Group home mortgage subsidy	8,985	8,972
Gain on sale of property	2,927	2,772
Lease revenue	2,126	2,105
	67,106	43,257
EXPENSES		
Depreciation	38,138	14,017
Interest on long-term debt	11,142	11,619
Group home and self insurance claims	1,814	2,071
Social housing grant and subsidy	1,697	-
	52,791	27,707
ANNUAL SURPLUS FROM OPERATIONS	14,315	15,550
Accumulated surplus from operations, beginning of year	246,654	231,104
Accumulated surplus from operations, end of year	$ 260,969	$ 246,654

See accompanying notes to the financial statements

Statement of Change in Net Debt

Provincial Rental Housing Corporation

Year Ended March 31	2012 ($000's)	2011 ($000's)
ANNUAL SURPLUS (DEFICIT)	$ 14,315	$ 15,550
Acquisition of tangible capital assets	(193,103)	(224,934)
Amortization of tangible capital assets	38,138	14,017
Dispose of tangible capital assets	7,915	1,647
	(147,050)	(209,270)
Changes in net debt for the year	(132,735)	(193,720)
NET DEBT, BEGINNING OF YEAR	(702,332)	(508,614)
NET DEBT, END OF YEAR	$ (835,067)	$ (702,334)

See accompanying notes to the financial statements

Statement of Cash Flows

Provincial Rental Housing Corporation

Year Ended March 31	2012 ($000's)	2011 ($000's)
Cash flows provided by (used in)		
OPERATING TRANSACTIONS		
Annual surplus from operations	$ 14,315	$ 15,550
Adjustments to determine cash flows:		
Depreciation	38,138	14,017
Amortization of deferred contributions	(33,602)	(12,972)
Gain on sale of property	(2,927)	(2,772)
Amortization of unearned lease revenue	(2,051)	(2,051)
Change in non-cash working capital	(1,736)	(9)
	12,137	11,763
CAPITAL TRANSACTIONS		
Property acquisitions	(193,103)	(224,934)
Proceeds on sale of property	10,842	4,419
	(182,261)	(220,515)
FINANCING TRANSACTIONS		
Deferred contributions	182,999	243,775
New financing	27,920	23,297
Due to/from BC Housing Management Commission	(24,418)	(20,206)
Long-term debt repayment	(14,575)	(11,197)
Funding in advance of construction	(1,802)	(26,917)
	170,124	208,752
Increase in cash	-	-
Cash, beginning of year	1	1
Cash, end of year	$ 1	$ 1

See accompanying notes to the financial statements

Notes to the Financial Statements

Provincial Rental Housing Corporation
March 31, 2012

1. GENERAL

The Provincial Rental Housing Corporation was incorporated under the Company Act of the Province of British Columbia in 1961. The Corporation is wholly owned by the Province, and is an agent of the Crown. The Corporation is exempt from federal and provincial income taxes.

The Corporation holds property for social and other low cost housing for the Province. It also holds land under long-term leases to housing sponsors. The subsidized rental housing units of the Corporation are managed and operated by the British Columbia Housing Management Commission (the "Commission"), which is a Crown agency that records the related rental revenue and is responsible for all of the operating and administrative activities and related costs. Separate financial statements are prepared for the Commission.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with section 23.1 of the Budget Transparency and Accountability Act of the Provincial of British Columbia. This section requires that the financial statements be prepared in accordance with Canadian Public Sector Accounting Standards except in regard to the accounting for government transfers as set out in Note 14. The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) is responsible for establishing Canadian public sector accounting standards.

Conversion to Canadian Public Sector Accounting Standards

Commencing with the 2011/12 fiscal year, the Corporation has adopted Canadian public sector accounting ("PSA") standards as issued by the Public Sector Accounting Board with the exception noted above. These financial statements are the first financial statements for which the Corporation has applied PSA standards. The Corporation has early adopted the accounting standards contained in PS 1201 – Financial statement presentation, and PS 3410 – Government transfers.

Use of Estimates

In preparing these financial statements management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The service life of buildings requires the greatest degree of estimation. Actual results could differ from those estimates.

Tangible Capital Assets

The Corporation capitalizes its tangible capital assets at cost and depreciates its buildings on the straight-line method as follows:

Newly constructed buildings are depreciated on a 40 year amortization period. Purchases of older buildings are depreciated over the remaining estimated useful life of the building. Betterments to buildings are depreciated over the extended remaining life of the building. Construction in progress is not subject to depreciation until the project is complete and transferred to buildings.

Property Leases

The Corporation leases property used for housing projects to housing sponsors. These sixty-year leases are prepaid by the housing sponsors when the housing projects are completed and ready for occupancy. The Corporation amortizes the lease revenue over the term of each lease and records the unearned portion as unearned lease revenue.

Deferred Contributions

Funding received from the Province used for acquisition of depreciable capital assets is recorded as deferred contributions and is recognized as a recovery in the statement of operations equal to depreciation charged on related

depreciable capital assets. The requirements of Canadian public sector accounting standards require that government transfers be recognized when approved and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized over the period that the liability is extinguished (Note 14).

Funding received from the Province for acquisition of non-depreciable capital assets, such as land, is allocated to net assets invested in properties when the related assets are acquired.

Tangible Capital Assets
For some social housing projects and group homes, the Province provides grants to the Corporation for a portion of the construction costs.

From time to time, the Corporation disposes of property purchased for social housing projects that cannot proceed due to various circumstances. The proceeds from these sales are applied against the cost of purchasing alternate sites as appropriate. Any surplus or deficiency resulting from those sales is credited or charged to revenue.

Government Capital Grants
Consistent with the Province of British Columbia, Ministry of Finance regulation 198/2011 capital grants are recorded as a liability (deferred capital contribution) which is amortized to income over the life of the capital asset being funded.

Financial Instruments
The Corporation's financial instruments consist of debenture subsidy receivable, due from BC Housing Management Commission, cash, long-term debt, interest payable and property sale deposit. All financial instruments are recorded on an amortized cost basis using the effective interest rate method where appropriate.

3. CHANGE IN ACCOUNTING POLICIES

On April 1, 2011, the Corporation adopted the PSA Handbook Section 1201, replacing the existing section 4400 of the CICA Handbook. The new requirement for financial statement presentation is effective for years beginning on or after April 1, 2010. This accounting change impacted the format of the financial position and required a new statement - the statement of change in debt. The Statement of Financial Position reports a third column (the balances as at April 1, 2010, the date of transition), for this transitional reporting period only.

The adoption of the new reporting framework resulted in the following adjustment to the prior year contribution revenue on transition:

	Previously Stated March 31, 2011 ($000's)	Adjustment ($000's)	Restated March 31, 2011 ($000's)
Contribution revenue	$ 12,972	$ 3,258	$ 16,230

Under Canadian GAAP, contributions of land are recorded as increases to accumulated surplus. Under PSA accounting framework, land contributions are recorded as revenue.

4. DUE FROM BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The amounts are non-interest bearing with no set terms of repayment.

5. LOAN RECEIVABLES

During the year, PRHC transferred a number of Rural and Native Housing projects to an Aboriginal Housing Provider. These properties were transferred to PRHC as part of the devolution of federal housing in 2006 with the intention that they would eventually be transferred to aboriginal management and ownership. Repayable loans are associated with each property, with a total value of $1,750,101 (2011 - $0; 2010 - $0). Each loan has different repayment dates with interest rates ranging between 3.5% to 6.5%. The final loan is to be repaid in fiscal 2018/19.

6. PROPERTY SALE DEPOSIT

In 2008, the Corporation made a commitment to sell its Little Mountain property. The date of transfer of the property is conditional upon zoning approval by the City of Vancouver. The transfer will result in a material gain on sale, the amount of which will not be determinable until the title to the property is actually transferred.

7. FUNDING IN ADVANCE OF CONSTRUCTION

This balance represents construction funding received from various Provincial ministries in advance of property acquisition and construction of non-profit housing and group homes. Interest does not accrue on funds received.

8. DEFERRED CONTRIBUTIONS

	2012 ($000's)	2011 ($000's)	April 1 2010 ($000's)
Balance, beginning of year	$ 411,489	$ 180,686	$ 78,012
Receipts	182,363	239,359	106,883
Amortization	(32,967)	(8,556)	(4,209)
Balance, end of year	$ 560,885	$ 411,489	$ 180,686

Deferred contributions are capital grants from the Commission. The grants are for the purchase and/or development of new social housing projects or the major rehabilitation of buildings owned by the Corporation (Notes 2 and 14).

9. RELATED PARTY TRANSACTIONS

a) Insurance

The Corporation does not insure most of its rental housing properties. Instead property losses are compensated by the Province through the Commission and, for certain properties, by CMHC.

b) Directly Managed Debenture Subsidy

Directly managed debenture subsidy represents funds received from the Commission for the principal and interest costs of the long-term debt related to directly managed properties.

c) Group Home Mortgage Subsidy

Group home mortgage subsidy represents the funds received from the Commission for mortgage payments to chartered banks and CMHC.

d) Administration and Financing

The Commission acts as agent in administering and financing the operations and capital projects of the Corporation. No administration costs are charged to the Corporation for such services performed.

10. LONG-TERM DEBT

	2012 ($000's)	2011 ($000's)	April 1 2010 ($000's)
Canada Mortgage & Housing Corporation (CMHC) Debenture mortgages repayable at the end of each year, maturing between the years 2024 and 2027, bearing interest at rates from 4.35% to 14.25%, and secured by unregistered first mortgages on properties of the Corporation	$ 80,409	$ 88,874	$ 94,863
Chartered banks and CMHC Mortgages repayable monthly over terms of up to 35 years, bearing interest at rates from 0.08% to 8%, and secured by registered first mortgages on properties of the Corporation	150,892	129,081	110,993
	$ 231,301	$ 217,955	$ 205,856

The aggregate principal repayments required in each of the next five fiscal years are estimated to be as follows:

	($000's)
2013	$ 73,541
2014	21,733
2015	31,947
2016	14,872
2017	14,735
Thereafter	74,473
	$ 231,301

11. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Depreciation	2012 ($000's) Net Book Value	2011 ($000's) Net Book Value	April 1 2010 ($000's) Net Book Value
Land	$ 444,527	$ -	$ 444,527	$ 439,710	$ 435,931
Buildings	764,518	178,458	586,060	305,850	168,954
Construction in progress	65,449	-	65,449	203,426	134,832
	$ 1,274,494	$ 178,458	$ 1,096,036	$ 948,986	$ 739,717

12. FINANCIAL INSTRUMENT RISKS

The Corporation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2012.

a) Credit Risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist primarily of the funds due from the Commission (Note 4).

b) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is not exposed to foreign exchange risk.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is subject to interest rate risk on its long term debt portfolio. The Corporation mitigates this risk by maximizing its borrowing from CMHC and seeking competitive interest rates from financial institutions. The Corporation is also able to mitigate short term interest rate changes through the Commission's ability to borrow directly from the Provincial Treasury.

d) Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Corporation is not exposed to market risk.

e) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Commission administers the finances of the Corporation and maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

13. BUDGET

The Corporation does not establish an annual operating budget as the information does not assist the directors in monitoring or evaluating changes in revenues or expenditures. The Corporation operates as a land holding company and does not employ staff. The Corporation's revenues and expenditures are largely fixed in nature. The Commission actively administers the provincial social housing programs and records the revenues and expenditures incurred from the operation of the Corporation's buildings. The Commission is also responsible for initiating decisions around purchases, new developments and the rehabilitation or modernization of the Corporation's properties.

14. IMPACT OF ACCOUNTING FOR GOVERNMENT TRANSFERS IN ACCORDANCE WITH THE BUDGET TRANSPARENCY AND ACCOUNTING ACT

As noted in the significant accounting policies, section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and its related regulations require the Corporation to account for government transfers for capital assets by deferring and amortizing them to income on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be reported in income immediately. If government transfers were accounted for under Canadian public sector accounting standards the impact of this difference on the financial statements of the Corporation is as follows:

a) for April 1, 2010, an increase to accumulated surplus and a decrease to deferred contributions of $180,686,000;

b) for the year-ended March 31, 2011, an increase to the annual surplus of $230,803,000;

c) for March 31, 2011, an increase to accumulated surplus and a decrease to deferred contributions of $411,489,000;

d) for the year-ended March 31, 2012, an increase to annual surplus of $149,396,000; and

e) for March 31, 2012, an increase to accumulated surplus and a decrease to contributions of $560,885,000.

Contact Information

Home Office
Suite 1701 – 4555 Kingsway
Burnaby, BC V5H 4V8
Telephone: 604-433-1711
Facsimile: 604-439-4722
E-mail: webeditor@bchousing.org

Interior Region
290 Nanaimo Avenue West
Penticton, BC V2A 1N5
Telephone: 250-493-0301
Outside Penticton call: 1-800-834-7149
Facsimile: 250-492-1080
E-mail: interiorregion@bchousing.org

Lower Mainland Non-Profit Housing
Suite 800 – 5945 Kathleen Avenue
Burnaby, BC V5H 4J7
Telephone: 604-525-3033
Facsimile: 604-525-8201
E-mail: LMNonProfit@bchousing.org

Lower Mainland Directly Managed Housing
5th Floor – 369 Terminal Avenue
Vancouver, BC V6A 4C4
Telephone: 604-609-7024
Facsimile: 604-609-7031
E-mail: LMDirectlyManaged@bchousing.org

Homeowner Protection Office
Suite 650 – 4789 Kingsway
Burnaby, BC V5H 0A3
Telephone: 604-646-7050
Toll-free in Canada: 1-800-407-7757
Fax: 604-646-7051
Email: hpo@hpo.bc.ca

Northern Region
1539 – 11 Avenue
Prince George, BC V2L 3S6
Telephone: 250-562-9251
Outside Prince George call:
1-800-667-1235
Facsimile: 250-562-6488
E-mail: northernregion@bchousing.org

Northern Region:
Prince Rupert Area Office
1400 Kootenay Avenue
Prince Rupert, BC V8J 3X5
Telephone: 250-627-7501
Facsimile: 250-627-8975
E-mail: northernprregion@bchousing.org

Vancouver Island Region
Suite 301 – 3440 Douglas Street
Victoria, BC V8Z 3L5
Telephone: 250-475-7550
Facsimile: 250-475-7551
E-mail: vanislandregion@bchousing.org

Program and Information Line
1-800-257-7756
Website: www.bchousing.org

Appendices & Glossary

Appendix A – Changes in Reporting

In 2011/12, there was a change in reporting to the measure, "Percentage of Social Housing Providers Meeting Financial and Operational Standards." The measure is being replaced beginning in 2012/13 with a new measure, "Reduction in the Number of Indicators Requiring Follow-up". With these changes, data collected during the 2011/12 fiscal year will form the baseline from which future performance targets will be set.

All other measures in the 2011/12 - 2013/14 Service Plan have been reported in this Annual Report.

Going forward, there will be substantive changes in reporting. Changes to the performance measurement framework beginning in the 2012/13 reporting year include the introduction, refinement or removal of goals, objectives and measures. The term "strategic priority" will also replace "goal" beginning in 2012/13. These changes in reporting can be found in the 2012/13 – 2014/15 Service Plan.

Appendix B – Disclosure of Key Reporting Judgements

Goal 1: Respond to Gaps in the Housing Continuum

MEASURE: NUMBER OF NEW UNITS/BEDS CREATED IN PRIORITY AREAS

About the Measure

This measure reports on the number of new housing units or beds created at the supportive end of the housing continuum during the reporting period. Through funding programs, such as the *Independent Living BC, Provincial Homelessness Initiative, Community Partnership Initiatives, Aboriginal Housing Initiative* and through *Memoranda of Understanding* negotiated with local governments, BC Housing adds new housing units for priority groups identified as being our most vulnerable, such as frail seniors, Aboriginal households, persons with physical and mental disabilities as well as individuals who are homeless, many of whom are living with mental illness, addictions and other challenges.

Seniors and disabled individuals in need of affordable rental housing are also a growing priority. As such, the federal-provincial program *Seniors' Rental Housing* initiative for low- and moderate-income seniors and persons with disabilities was created in 2009/10. New units created under the *Seniors' Rental Housing* initiative are also included in this measure.

The following table details the new units created in 2011/12:

FUNDING PROGRAM	TOTAL
Community Partnership Initiatives	423
Seniors' Rental Housing Initiative	566
Memorandum of Understanding	599
Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) Memorandum of Understanding	121
Provincial Homelessness Initiative	133
Housing Endowment Fund	9
Emergency Shelters	68
Aboriginal Housing Initiative	33
Provincial Housing Program (Rent Supplements)	20
Group Homes	29
Transition House Program	13
Total of all new units created	**2,014**

Data Sources and Methodology

This measure reports on the number of units or beds funded by BC Housing which have reached completion and/or are ready for occupancy during the reporting period. Information to support this measure is captured through BC Housing's information systems.

Reliability of the Data

The complexity of the development process and other external factors, including changes in programs or funding levels, can contribute to a result above or below the established targets. Industry trends – including interest rates, construction costs, labour availability and other factors – can also influence the outcomes. Targets are based on committed funding under existing programs.

Benchmarks

Performance is benchmarked internally against past performance. No external benchmark is available.

Goal 1: Respond to Gaps in the Housing Continuum *(continued)*

MEASURE: NUMBER OF NEW HOUSEHOLDS ASSISTED THROUGH RENT ASSISTANCE PROGRAMS

About the Measure

Rent assistance programs represent an important element in the government's housing strategy. This measure reports on the number of new households assisted under BC Housing's *Rental Assistance Program* and *Shelter Aid for Elderly Renters*.

Data Sources and Methodology

This measure reports on the number of new households in either the *Rental Assistance Program* or *Shelter Aid for Elderly Renters* who have received a rent subsidy during the relevant reporting period.

The definition of new household is defined as:

- A household that is receiving rent subsidies for the first time; or
- A household that is re-entering the relevant program after a minimum of three months without any subsidy.

Households receiving subsidies under either program must meet set eligibility criteria in order to qualify for a rent subsidy. To ensure that the subsidies are reaching the target groups, households' eligibility status are monitored to ensure they remain eligible for subsidies under the relevant program. Should a household experience changes such as improved financial circumstances, they may no longer be eligible for support under the program and subsidies are no longer provided.

In order to accommodate changes in one's circumstances, a household is able to re-apply for rent subsidies provided they have met the eligibility criteria and have had a minimum of three months break from the relevant program.

This measure monitors the number of households receiving subsidies, within a specified reporting period, under either program. If an applicant or household has received a rent subsidy, they are identified as an "Active" client within the system.

Reliability of the Data

Information to support this measure is based on past performance and is captured through BC Housing's information systems.

It should be noted that these programs support a high volume of applicants with applicants required to meet a set eligibility criteria for inclusion in either program. As such, applicants are required to re-apply on an annual basis to ensure they are still eligible for the relevant program.

It is possible, where life circumstances may change, that an applicant may be eligible in one year, ineligible the following year, but may be eligible in the third year. In this example, an applicant would receive a subsidy in years one and three, but none in year two. This ensures that the *Rental Assistance Program* and *Shelter Aid for Elderly Renters* continue to support the households they were designed to assist.

A review of the existing reporting query was conducted, and enhancements were applied to ensure that the automated reports identify only those clients with a status of "Active". This has removed the requirement for manual filtering of clients with a status other than "Active" and has mitigated the possibility of inclusion of clients not receiving a subsidy within the defined reporting period.

Benchmarks

Performance is benchmarked internally against past performance. No external benchmark is available.

Goal 1: Respond to Gaps in the Housing Continuum *(continued)*

MEASURE: NUMBER OF EXISTING UNITS ADAPTED TO HIGHER PRIORITY NEEDS

About the Measure

Recognizing the importance of ensuring those in greatest need have access to safe and appropriate housing, this measure was developed in order to provide an overall indicator to monitor the number of existing units which have been converted, adapted or re-targeted to serve clients with higher priority needs. Higher priority need groups include low-income or frail seniors, women and children fleeing violence, persons with mental illness or addictions-related challenges and/or other special housing needs.

Due to the diversity of services and programs captured under this measure, it was necessary to employ a common term when aggregating the various sub-measures monitored. Each program monitors their service delivery in the most appropriate manner, based upon the unique aspects of the program, which takes into consideration all available resources and the people being served. How a program is measured, for example, in terms of "people served" or "housing units" may not be consistent from program to program or even site to site within the same program. This results in a mixture of people and housing units.

To facilitate an overall report that enabled us to monitor the diversity of services and programs contained within the measure, the common term of "units" has been utilized. The term "units" is used to capture the range of beds, rooms, homes and, in some instances, the number of people served.

Tracking each component in terms of units assists in mitigating against the potential for double counting as each component is counted individually, with the aggregated results reported.

Data Sources and Methodology

Targets are based on historical data on the number of individuals assisted through BC Housing's *Health Services Program, Priority Placement Program,* and *Seniors' Supportive Housing* as well as other partnership initiatives. The targets also reflect the expected availability of resources in the community.

Reliability of the Data

The Health Services and Applicant Services departments report results quarterly. The results can vary depending on the availability of suitable units and the availability of funding for the necessary support services. Success in meeting the objectives and targets related to this measure is also dependent on BC Housing's ability to identify appropriate partnership opportunities with the health authorities and service delivery organizations in the community.

Benchmarks

Performance is benchmarked internally.

Goal 2: Protect and Manage Existing Housing for the Long-Term

MEASURE: PERCENTAGE OF CLIENTS REPORTING SATISFACTION WITH THE QUALITY AND SAFETY OF THEIR HOUSING

About the Measure

This measure reports on the level of satisfaction reported by tenants living in public housing, that is, housing directly managed by BC Housing. Commencing April 2012, this measure will be replaced by the measure, "Tenants' Rating of BC Housing's Service Delivery" which will be conducted by a survey to tenants in our directly managed units. This new measure will focus on BC Housing's performance rather than on tenant satisfaction. Tenant satisfaction will continue to be monitored at the branch level.

Data Sources and Methodology

This measure is based on a tenant survey and reflects the percentage of tenants indicating they are "very satisfied" or "satisfied" in response to the question, "How would you rate your overall satisfaction with your current housing?"

The survey methodology, adopted 2009/10 for collecting data for this measure, employs a third party survey research firm to manage the survey process by administering the questionnaire to all tenants at the same time. The questionnaire sent to tenants contains the question: "How would you rate your overall satisfaction your current housing?" with the results based on a five point scale system. Results for future targets are based on this survey methodology.

The targets are based on the percentage of tenants indicating they are "very satisfied" or "satisfied" with their current housing. The survey company also provides a key driver analysis to provide useful insights into specific focus areas where gains or improvements would be most impactful.

Reliability of the Data

The survey methodology typically provides a confidence level of 95 per cent with a maximum margin of error of plus/minus three per cent.

Benchmarks

Performance is benchmarked internally against past performance. In addition, results are compared informally to published results reported by housing providers in other jurisdictions. However, no formal external benchmarking process has been established.

Goal 2: Protect and Manage Existing Housing for the Long-Term *(continued)*

MEASURE: PERCENTAGE OF SOCIAL HOUSING PROVIDERS MEETING FINANCIAL AND OPERATIONAL STANDARDS

About the Measure

This measure provides an indication of the extent to which social housing providers are meeting the financial and operational standards set out in their agreements. It also gives the assurance that the existing social housing portfolio is well-managed, well-maintained and protected for the long-term.

Data Sources and Methodology

Data to support this measure is gathered through the operational review process carried out by BC Housing with housing providers. This process is based on site and building audits designed to assess housing performance in the following key areas:

- Maintenance and building inspections;
- Financial management;
- Resident management;
- Information and records management; and,
- Human resource management.

A score is assigned based on the assessment and appropriate follow-up actions taken.

As part of our focus on continuous improvement, BC Housing conducted a detailed review of the operational review process, in consultation with the non-profit housing providers. As a result of the consultation, BC Housing began using the refined reporting tool on April 1, 2011. The impact of this new reporting tool on the data and methodology associated with this measure will be carried out over the next year.

Reliability of the Data

The operational review process is designed to confirm that services are delivered in an appropriate manner and identify potential problems before they arise. All housing providers that receive an operating budget are subject to an operational review.

Benchmarks

Performance is benchmarked internally against past performance.

Goal 2: Protect and Manage Existing Housing for the Long-Term *(continued)*

MEASURE: FACILITY CONDITION INDEX

About the Measure

The Facility Condition Index (FCI) is a robust performance indicator used to monitor capital maintenance, repair, rehabilitation and replacement programs and costs. This is the debut year for this measure.

A functional indicator, FCI results from an analysis of different but related operational indicators (such as building repair needs) to provide an overview of a building's overall condition as a numerical value, i.e.: "rating". Additionally, it is an industry standard asset management tool which measures the "constructed asset's condition at a specific point in time" (US Federal Real Property Council, 2008) and is currently in use by organizations such as the Council of Ontario Universities, Federation of Canadian Municipalities, health authorities, education ministries and social housing authorities throughout North America.

Data Sources and Methodology

A FCI rating is obtained by aggregating the total cost of any needed or outstanding repairs, renewal or upgrade requirements at a building compared to the current replacement value of the building. It is the ratio of the repair needs to replacement value of current building components expressed in percentage terms. Land value is not considered when evaluating FCI.

$$FCI = \frac{\text{Total of Building Repair/Upgrade/Renewal Needs (\$)}}{\text{Current Replacement Value of Current Building Components (\$)}}$$

The lower the value of FCI, the better condition a building's asset renewal liability is. Current industry benchmarks indicate the following subjective condition ratings for facilities with various ranges of FCI:

0-5% FCI	FCI Asset renewal liability is in **GOOD** condition
5-10% FCI	FCI Asset renewal liability is in **FAIR** condition
10-30% FCI	FCI Asset renewal liability is in **POOR** condition

Reliability of the Data

As of April 2012, we have identified a preliminary FCI of 22 per cent for our social housing portfolio with a confidence level of 95 per cent (+/- 3%). This preliminary rating is a result of validating 9,121 directly managed/ single-room occupancy units and 5,895 non-profit housing units of the total 68,000 units. This equates to 14 per cent and eight per cent, respectively (22 per cent in total) of the complete housing stock that has been confirmed through an on-site building condition assessments and a subsequent quality assurance review process.*

* There is no correlation between the FCI result and the percentage of portfolio assessed. The result of 22 per cent for both is a coincidence

Goal 2: Protect and Manage Existing Housing for the Long-Term *(continued)*

MEASURE: FACILITY CONDITION INDEX *(continued)*

The Asset Strategies branch of BC Housing have populated "Asset Planner" (a comprehensive asset management system) with all relevant data pertaining to projects and developments within the housing portfolio. This commenced with the input of the directly managed and SRO portfolios, which are on average, 14 years older than that of the average age of a non-profit's housing portfolio.

Refining this new process with the directly managed/SRO stock allowed Asset Strategies staff to implement a fully developed and tested method of assessing and tracking capital renewal needs with the non-profits, limiting any potential implementation risks associated with a new process and respecting the valuable time and efforts of the non-profit sector. A statistically significant sampling from the non-profit portfolio was required in order to establish a baseline FCI for the total housing stock.

The 68,000 housing portfolio units are distributed as follows:

- 9,379 directly managed and single room occupancy units, and;
- 58,621 non-profit housing units.

The assessment covers a diverse range and age of housing sites including group homes, rural and native housing, emergency shelters, transition homes, PRHC-owned and non-profit operated and non-profit-owned and operated.

It was initially anticipated that the social housing baseline FCI would be 30 per cent. Based upon the sample of units assessed, the preliminary FCI for this portion of the housing portfolio has been identified at 22 per cent. Before establishing a baseline, additional properties will be assessed in this fiscal year to ensure that we have the most robust sample of buildings. This will also provide the opportunity to reduce the gap between the percentage of directly managed/ single room occupancy sites assessed and those within the non-profit housing portfolio to ensure a strong sample of the housing portfolio upon which to base future budgets and capital plans.

Benchmarks

BC Housing benchmarks its portfolio FCI with other governmental social housing providers. However seeing as this is an emerging sector for FCI, we also benchmark against other governmental and private sector building asset owners.

Goal 3: Provide Access to Appropriate Housing and Services for Vulnerable British Columbians

MEASURE: PERCENTAGE OF NEW APPLICANTS REPORTING SATISFACTION WITH THE PROCESS

About the Measure

This measure tracks the extent to which applicants are receiving the information they need when applying for housing assistance. The feedback received helps to strengthen and improve our business processes. Commencing April 2012, this measure will no longer be reported on in the Service Plan, but will continue to be monitored at the branch level.

Data Sources and Methodology

Data to support this measure is captured through an applicant feedback form, which is included as part of the application process. Using a five-point scale, applicants are asked questions related to their satisfaction with:

- The information they received when applying for housing;
- The ease and clarity of the application form;
- The helpfulness of the materials and listings provided; and,
- The knowledge and helpfulness of staff.

Applicants are asked to complete the feedback form and return it with their application. Results are tracked and reported quarterly.

Reliability of the Data

Satisfaction levels are monitored closely to review a wide range of factors, including the effects of revised tenant eligibility and selection processes (to prioritize applicants based on the depth and urgency of their housing need) and the higher level of detailed application information required for priority access to housing that were implemented in 2008/09. This has not affected satisfaction levels.

Benchmarks

The target of a minimum of 90 per cent reporting satisfaction reflects a benchmark established internally against past performance. No external benchmark is available.

Goal 3: Provide Access to Appropriate Housing and Services for Vulnerable British Columbians *(continued)*

MEASURE: PERCENTAGE OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED AFTER SIX MONTHS AFTER PLACEMENT

About the Measure

Tracking housing stability is an important factor in being able to measure performance programs and initiatives designed to break the cycle of homelessness. Recent research has shown that providing housing and appropriate supports to homeless individuals in the first six months can have a meaningful impact on housing stability.

Measuring and tracking the homeless population is a relatively new and emerging field of study. Recent studies are contributing to a body of knowledge both within B.C. and other jurisdictions that benefit from service provider feedback, emerging techniques for locating homeless individuals and general improvements to the methodology when locating homeless individuals. BC Housing is taking a similar approach to managing this measure, continually providing more information and analysis regarding the results.

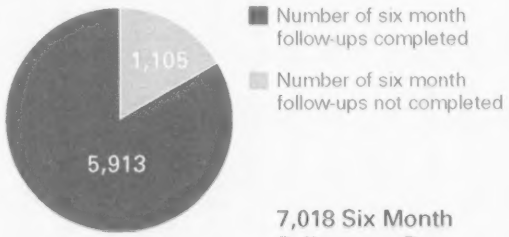
Data Sources and Methodology

The Homelessness Services System (HSS) database captures information about homeless people who receive services through the *Emergency Shelter Program,* the *Homeless Outreach Program,* the *Aboriginal Homeless Outreach Program,* and the *Homeless Rent Supplement Program.*

Information about the homeless housed through these programs is recorded in the database by the outreach worker and follow-up with individuals who have given consent for follow-up is conducted at their six month anniversary of being housed, in order to track tenancies. This measure calculates the percentage of persons where follow-up was completed, housing status was verified, and where they have remained housed for six consecutive months.

The process for gathering information for this performance measure involves a number of steps. Individuals who have consented to follow-up at the six month anniversary of being house are contacted by an outreach worker.

7,141 individuals housed with 7,018 consenting to follow-up contact



7,018 Six Month Follow-ups Due

768
3,271
1,874
Total number housing status verified, but no longer housed
Total number housing status not able to be verified through follow-up
Total number housing status verified and still housed after six months

81% of Clients with 'verified housing status' remained housed at six months

Goal 3: Provide Access to Appropriate Housing and Services for Vulnerable British Columbians *(continued)*

MEASURE: PERCENTAGE OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED AFTER SIX MONTHS AFTER PLACEMENT *(continued)*

At this point, the outreach worker identifies whether or not the individual is housed either at the original location or at a different location, or is no longer housed. The population whose housing status has been verified (as either housed or no longer housed) is reported in this measure.

Using relevant 2011/12 data, the pie charts provide an overview of the measure's methodology.

Of the 7,141 homeless individuals who accessed housing in the relevant period prior to a six month follow-up being required, 6,895 individuals consented to follow-up contact at the six month anniversary of being housed and 123 did not consent to follow-up contact.

Of the portion of the population due for six month follow-ups, it was identified that existing resources allowed for the outreach or shelter workers to conduct 5,913 follow-ups, but they were not able to complete 1,105.

The outreach and shelter workers were able to verify the housing status of 4,039 of the 5,913 homeless individuals resulting in 3,271 individuals remaining housed at their six month anniversary and 768 individuals no longer housed. Although contact was attempted with a further 1,874 individuals, contact was unsuccessful and therefore, we were unable to verify these individuals' housing status.

Often the workers must make several attempts before housing status is verified, and as their first priority is to find housing, housing status is not always verified in the given time. In addition, some of the required follow-ups are simply not able to be accomplished.

Reliability of the Data

Measurement is based upon those clients whose housing status is recorded in the database system by the outreach and shelter workers, who issued consent for follow-up contact at their six month anniversary of being housed and whose housing status could be verified as either "remaining housed" or "no longer housed." Reporting on verified only data provides BC Housing with the highest level of data integrity possible for this measure, based upon the current methodology.

The final result does not include individuals who did not issue consent for follow-up contact.

Benchmarks

The methodology was applied to this measure in anticipation of being able to benchmark against other jurisdictions. As indicated above, as time progresses, our understanding of the population has evolved, as is our understanding of other jurisdictions. We continue to seek opportunities to informally compare results with other agencies particularly in Canada and the United States using similar methods.

Formally, benchmarking will be conducted, internally, against previous years. Using historical data, a comparison study will be conducted that identifies the difference in year-to-year results.

Goal 3: Provide Access to Appropriate Housing and Services for Vulnerable British Columbians *(continued)*

MEASURE: PERCENTAGE OF CLIENTS BELONGING TO PRIORITY GROUPS IN SUBSIDIZED HOUSING

About the Measure

This measure reports on the extent to which those in greatest need receive priority assistance for housing. For the purpose of this measure, low-income and frail seniors, persons with physical and mental disabilities, women and children who have experienced domestic violence and those facing alcohol and drug addiction challenges, Aboriginal families and individuals, and those who are homeless or at risk of homelessness are considered to be among those in greatest need. Clients using either that the *Rental Assistance Program* and *Shelter Aid for Elderly Renters* are excluded from this measure.

Data Sources and Methodology

This measure is calculated by taking the current inventory of subsidized housing and determining the percentage of units that are available for each of the designated priority groups.

The greatest challenge regarding this measure was in determining the best way in which to provide a single, meaningful indicator that captured all the priority groups included in the measure. Each program measures in units. However, depending on the program, a unit may be a room, a bed or a person.

For example, an Aboriginal family provided social housing would be measured in terms of a unit of housing (apartment/house), a client with special needs provided housing in a group home may be measured in terms of either a bedroom or a bed in a shared room, and a client fleeing domestic violence and accessing a transition house may be measured in terms of the number of clients supported by the transition house.

The complexities contained within this measure, given the diversity of clients supported and the range of services required to provide safe and adequate housing, presented a significant challenge. Each of the programs report independently, providing the opportunity to monitor any changes at the program level. The overall "percentage of clients belonging to priority groups in subsidized housing" provides an overall indicator of how BC Housing is continuing to prioritize those clients in greatest need within the community, ensuring they have speedy access to safe and appropriate, secure housing.

Reliability of the Data

A detailed review of the methodology for this measure is underway with the primary focus of the review to investigate the possibility of providing further clarity around the mix of "housing units" and "people" to mitigate against the possibility of double counting. Recent reporting improvements have indicated a possibility of double counting of some of the units used in this measure. To date, the extent of any double counting is undetermined, however, continued improvements will allow us to better identify and address any possibility of double counting. It is anticipated that any double counting may occur if, to meet the ever increasing demands and priorities, a person may be housed under a service program but the housing unit may be funded by a different program. This may result in both the person and the housing unit being counted. It has also been identified that the number of "fully and partially modified units" included in this measure is likely

Goal 3: Provide Access to Appropriate Housing and Services for Vulnerable British Columbians *(continued)*

MEASURE: PERCENTAGE OF CLIENTS BELONGING TO PRIORITY GROUPS IN SUBSIDIZED HOUSING *(continued)*

under-reported. The number of "fully and partially modified units" included in this measure is based upon a study conducted in 2006. Technical issues have prevented us from substantiating this study. Therefore, a review of the systems and processes that identify a modified unit is underway. It is anticipated that this review will result in an improved reporting process that will ensure we are capturing all appropriately modified units within this measure.

Benchmarks

Performance is benchmarked internally against past performance. No external benchmark is available.

Goal 4: Help Bring About Improvements In The Quality Of Residential Construction And Strengthen Consumer Protections

MEASURE: BUILDERS' RATING OF THE EFFECTIVENESS OF COMPLIANCE EFFORTS TO MONITOR AND ENFORCE LICENSING AND HOME WARRANTY INSURANCE REQUIREMENTS AND THE OWNER-BUILDER EXEMPTION

About the Measure

This measure is an indicator of the overall health of the builder licensing, home warranty insurance and owner-builder exemption system whereby compliance issues are dealt with quickly and effectively. Commencing 2012/13 the measure will be monitored annually.

Data Sources and Methodology

Data for this measure is obtained through the biennial Licensed Residential Builder survey. The survey is carried out by an independent market research firm, and is a self-administered questionnaire sent to all Licensed Residential Builders in the province.

Reliability of the Data

The response of 1,316 builders (26 per cent) in the 2011/12 survey provides a confidence level of 95 per cent with a maximum margin of error of plus/minus 2.9 per cent.

In 2011/12, 89 per cent of builders felt they had a good or excellent relationship with their warranty provider. Specifically, 42 per cent of builders rated the relationship as excellent in 2011/12 compared to 37 per cent in 2009/10.

Additionally, 76 per cent rated the handling of complaints or claims from consumers as excellent or good, 53 per cent rated the cost of warranty insurance as excellent or good, and 89 per cent rated the ease of the application process for coverage as excellent or good.

Benchmarks

Performance is benchmarked internally against past performance with informal external benchmarking conducted with the Tarion Warranty Corporation in Ontario.

Goal 4: Help Bring About Improvements In The Quality Of Residential Construction And Strengthen Consumer Protections *(continued)*

MEASURE: HOMEOWNER SATISFACTION WITH HOME WARRANTY INSURANCE ON THEIR NEW HOME

About the Measure

This measure tracks homeowner satisfaction with the protection provided by home warranty insurance. This item is measured bi-annually and was not measured in 2011/12. This measure will be removed from the Service Plan commencing 2012/13 and will be monitored at the branch level.

Data Sources and Methodology

Data for this measure is obtained through the biennial consumer survey. The survey is carried out by a market research firm and surveys homeowners with warranty insurance under the *Homeowner Protection Act* on their home. Surveys are carried out through telephone interviews with randomly selected owners of homes with warranty insurance.

As homes age, customer satisfaction with the home warranty decreases and strategies are being implemented to explain the 2-5-10 warranty product to ensure that consumers are aware of the details of coverage.

Reliability of the Data

At the 95 per cent confidence level, the maximum margin of error on the total sample for the 2010/11 survey is plus/minus 4.9 per cent.

Benchmarks

Performance is benchmarked internally against past performance with informal external benchmarking conducted with the Tarion Warranty Corporation in Ontario.

Goal 5: Organizational Excellence

MEASURE: CONTROLLABLE ADMINISTRATION COSTS AS A PERCENTAGE OF PROGRAM DELIVERY COSTS

About the Measure

This measure assesses the efficiency of BC Housing's management practices by comparing the percentage of controllable administration costs to program delivery costs.

Data Sources and Methodology

This is an annual measure that is based on information captured in BC Housing's audited financial statements and is reported as a percentage of total program costs.

Reliability of the Data

The results have been benchmarked with other housing organizations through an independent, third-party review in 2006. The review found that BC Housing had the lowest cost profile of all of the organizations involved in the study and concluded that given variations in context and accounting across organizations, a year-over-year comparison within the same agency is the most valid comparator.

Benchmarks

Costs are standardized and benchmarked against a sample of six organizations including three with a provincial/territorial mandate and three that operate in a municipal context.

Goal 5: Organizational Excellence *(continued)*

MEASURE: PER-SQUARE-FOOT CONSTRUCTION COSTS

About the Measure

This measure compares per-square-foot construction costs of new housing developments with comparable developments in the private sector. This is an important measure of the cost-effectiveness of our development practices within the broader residential construction industry.

Data Sources and Methodology

This measure relies on the use of independent external verification to analyze the degree of variance between the per-square-foot construction costs for non-profit developments compared to comparable private market developments. The challenge with this measure is that due to the nature, scope and quality of the projects developed by BC Housing, there is no "direct competitor" within the private market place with which to easily compare. Additionally, comparison with the private sector may be further challenged by economic constraints and industry growth which directly impact the private construction sector, thereby affecting the pool of comparable projects.

Each year, a list of substantially completed wood-framed BC Housing projects is provided to a third party cost consulting firm for review. The list contains projects developed under BC Housing's various programs. The cost consultants then identify projects within the previous year that can most closely be compared with completed projects developed in the private sector during the same period. Once the short list is determined additional information is forwarded including all the supporting documentation (drawings, specifications, construction contract, capital budget, schedule of values (sets out detailed cost information) and certificate of payments.

Only wood-framed buildings built to the *Provincial Homelessness Initiative (PHI) Guidelines and Construction Standards* are used for this measure as these standards encompass most of the types of housing that BC Housing develops. The PHI program provides housing and support services to help individuals that are homeless or at risk of homelessness and covers a broad range of housing types. Other programs such as the Aboriginal Housing Initiative use the PHI standards also. Other BC Housing funding programs develop housing for which private market comparatives are not easily available such as seniors' modular housing and are therefore not included.

Results are triangulated against standard industry measures and cost data. Adjustments are made to reflect the design standards and requirements that in some cases exceed the standards and features provided in private market developments. The adjustments include:

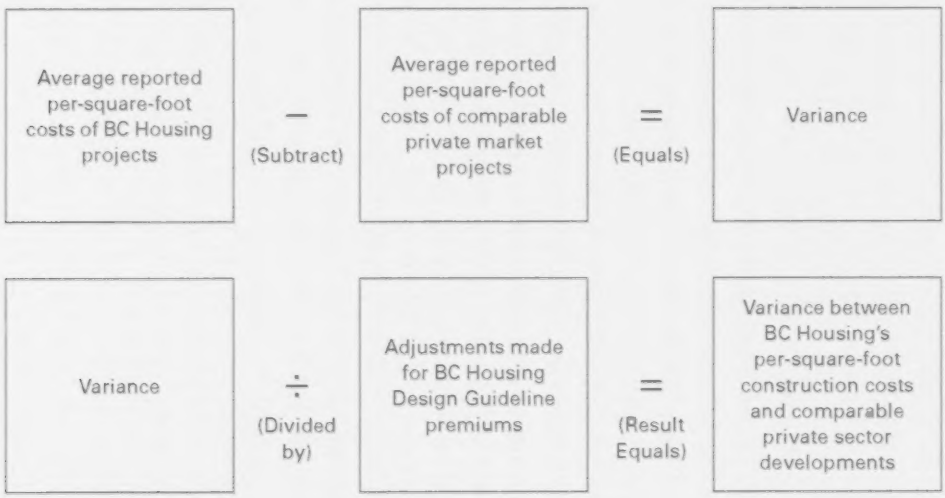
- The effect of rising or falling construction costs;
- A factor for location is applied to take into account variations in construction costs due to design requirements and local market conditions;
- As BC Housing does not have the same parking requirements as the private market comparison projects, adjustments for gross floor area are applied. Only liveable area is included in the determination of per-square-foot costs; and,

Goal 5: Organizational Excellence *(continued)*

MEASURE: PER-SQUARE-FOOT CONSTRUCTION COSTS *(continued)*

- To reflect the added construction standards and needs for social housing projects, the following per-square foot premiums are subtracted from each project in order to account for the added cost variance of BC Housing developments:
  - Site planning premiums: This premium reflects spatial density, tight site/downtown site premiums.
  - Design elaboration: This premium covers upgraded mechanical and electrical systems and plumbing fixtures standards that are required by BC Housing over and above private market standards. It also covers the use of more durable materials for interior finishes.
  - Construction standards: This premium reflects added construction standard required by BC Housing, e.g. LEED Gold environmental standard.

Once the data is collated, the following calculation is applied:



Comparisons are made by the third party cost consultant to determine the degree of variance.

Reliability of the Data

As stated the types of developments constructed through BC Housing's programs include a combination of services and amenity spaces that make it difficult to directly compare with the private market. The development process involves competing requirements that can influence the outcomes. This can make it difficult to get reliable comparisons with differences in time, location, building form, unit mix, amenities, scale, efficiency, and quality.

Goal 5: Organizational Excellence *(continued)*

MEASURE: PER-SQUARE-FOOT CONSTRUCTION COSTS *(continued)*

Using cost data from projects completed in the previous year ensures that the consultants are using the most complete set of cost data available for comparison. This also ensures that BC Housing is provided the most realistic comparison possible as issues such as project variances and industry related economic impacts common to the development industry (public and private) have been addressed during the project's lifetime.

This cost data is then compared with cost data from private sector projects completed during the same period.

Benchmarks

Costs are standardized and benchmarked against a sample of private market buildings and industry cost data.

Goal 5: Organizational Excellence *(continued)*

MEASURE: PERCENT REDUCTION IN GREENHOUSE GAS (GHG) EMISSIONS

About the Measure

This measure tracks BC Housing's progress in reducing greenhouse gas (GHG) emissions and maintaining carbon neutral status as required by the *Greenhouse Gas Reductions Target Act* and the Carbon Neutral Government Regulation. The scope of this measure includes GHG emissions related to buildings which constitute the single most significant emissions source for BC Housing.

Results continue to be calculated on GHG emissions changes within a calendar year, in accordance with legislative requirements.

Data Sources and Methodology

This measure considers GHG emissions from energy use in housing buildings and offices owned or leased by BC Housing. The emissions are calculated based on energy consumption data from these buildings.

The reported level of GHG emissions are based on building energy consumption that has not been corrected for weather effects. Data is reported on a calendar year basis, e.g., performance for 2011/12 is based on data for the period of January 1 to December 31, 2011.

"Per tenant" means the "estimated tenant occupancy capacity" and "per employee" means per Full Time Equivalent (FTE).

Reliability of the Data

The data used was compiled in accordance with the legislated requirements. The reporting process included quality assurance checks, however, it has not been verified by an external third party.

The building energy data is based on the data provided directly from utilities, compiled by an external consultant. The GHG emissions were based on B.C. government's Smart Tool reporting.

Benchmarks

Performance is benchmarked internally against past performance and progress is measured against the 2005 baseline data. The year 2005 was chosen as the base year as it was the first year for which verifiable emissions data was available.

Annual changes in the building portfolio (divestments and acquisitions) and improvements in the data quality led to a recalculation of the baseline from the previous year.

The selection of the base year, as well as baseline recalculations have been conducted in accordance with greenhouse gas reporting protocols.

Goal 5: Organizational Excellence *(continued)*

MEASURE: EMPLOYEE ENGAGEMENT INDEX

About the Measure

This measure reports the level of employee engagement based on results from an annual staff survey.

Data Sources and Methodology

The survey instrument seeks to obtain staff feedback on the following:

- Clarity about what is expected;
- Having the right materials, tools and equipment;
- Having a good relationship with one's manager/supervisor;
- Having received positive recognition for work in the past month;
- Having the ability to use skills and talents to make a contribution;
- Having a sense of alignment with the corporate goals and objectives;
- Having clarity about how their work contributes to the broader goals and objectives;
- Having input into decisions that have personal impact;
- Having feedback on progress; and,
- Having access to learning opportunities.

Reliability of the Data

Baseline data was gathered through a commission-wide survey initiated in spring 2005 with follow-up surveys completed in 2007, 2008, 2009 and 2010. The survey is self-administered online with results being analyzed by an external research firm.

Benchmarks

The target is set to ensure that employee engagement continues to be an important focus within the organization. Results are benchmarked with other employers through the use of standard industry survey instruments. The database contains more than 10,000 responses from across different public- and private-sector organizations.

Appendix C – Glossary of Terms

Program Abbreviations and Acronyms at a Glance

AHOP	Aboriginal Homeless Outreach Program	**IAH**	Investment in Affordable Housing
AHI	Aboriginal Housing Initiative	**ILBC**	Independent Living BC
AHI	Affordable Housing Initiative	**NIMBY**	Not In My Backyard
CPI	Community Partnership Initiatives	**PHI**	Provincial Homelessness Initiative
ESP	Emergency Shelter Program	**RAP**	Rental Assistance Program
EWR	Extreme Weather Response	**SAFER**	Shelter Aid for Elderly Renters
HAFI	Home Adaptations for Independence	**SHR**	Supportive Housing Registration Service
HEF	Housing Endowment Fund	**SRI**	SRO Renewal Initiative
HOP	Homeless Outreach Program	**SRO**	Single Room Occupancy Hotel
HPO	Homeowner Protection Office	**SSH**	Seniors' Supportive Housing
HRP	Housing Renovation Partnership	**SRH**	Seniors' Rental Housing

Aboriginal Homeless Outreach Program: Homeless outreach workers directly engage homeless Aboriginal people living on the street and provide access to housing, income assistance, and community-based support services to help break the cycle of homelessness.

Aboriginal Housing Initiative: Provides funding to develop new, affordable housing for Aboriginal people living off-reserve and to meet long-term Aboriginal housing needs.

Affordable Housing: When housing costs do not exceed 30 per cent of a household's gross income, housing is considered affordable.

Affordable Housing Initiative: In December 2001, the Province of British Columbia and the Government of Canada announced the first bilateral agreement under the Canada-British Columbia Affordable Housing Agreement. Funding from this agreement created units under the *Provincial Housing Program,* the *Independent Living BC* program and the *Community Partnership Initiatives* program. The agreement was renewed in December 2004 with each level of government contributing about $42 million towards the Provincial Homelessness Initiative in B.C. In April 2009, the Extension to the Canada-BC Affordable Housing Initiative was signed, with each level of government contributing funding for the *Provincial Housing Initiative, Seniors' Rental Housing* initiative, and the *Housing Renovation Partnership.*

Assisted Living: Assisted living units are self-contained apartments for seniors or people with disabilities who need some support services to continue living independently, but do not need 24-hour facility care. Services provided include daily meals, social and recreational opportunities, assistance with medications, mobility and other care needs, a 24-hour response system, and light housekeeping.

Building Envelope: The assemblies, components and materials of a building that are intended to separate and protect the interior space of the building from the adverse effects of exterior climatic conditions.

Building Envelope Renovation: The construction work on a residential building to either repair defects in the building envelope, which allow unintended water penetration, or to repair damage caused by unintended water penetration.

Building Envelope Renovator: A residential renovator who is licensed under the *Homeowner Protection Act* to either engage in, to arrange for, or to manage all or substantially all of a building envelope renovation.

Community Partnership Initiatives: This program helps our housing partners create a range of innovative housing projects for people in need. CPI offers one-time grants, access to consulting services, and construction and long-term financing for projects that do not need ongoing operating subsidies.

Co-operative Housing: A housing development in which individual residents own a share in the co-operative. This share grants them equal access to common areas, voting rights, occupancy of an apartment or townhouse, and the right to vote for board members to manage the co-operative. Each member has one vote and members work together to keep their housing well-managed and affordable.

Core Housing Need: Households in core housing need are those who currently reside in housing that is either in need of major repair, does not have enough bedrooms for the size and makeup of the household, or costs 30 per cent or more of their total income, and who are unable to rent an alternative housing unit that meets these standards without paying more than 30 per cent of their income.

Directly Managed Housing: Refers to social housing, sometimes referred to as public housing, where BC Housing is responsible for the day-to-day property management.

Emergency Shelter: Short-stay housing of 30 days or less. Emergency shelters provide single or shared bedrooms or dorm-type sleeping arrangements, with varying levels of support to individuals.

Emergency Shelter Program: The program offers temporary shelter, food and other services to meet the basic nutritional and hygiene needs of people who are homeless and provides a gateway to support services that help individuals to stabilize their lives. There are approximately 60 homeless shelters and drop-in agencies funded by the government throughout B.C.

Group Home: A small, community-based development, usually under 10 beds/units, that provides affordable housing with supports to those with special needs including individuals with severe mental and physical disabilities, youth, and women with their children fleeing abuse. BC Housing provides administration and property management support for group homes on behalf of other provincial ministries and health authorities.

Home Adaptations for Independence: Provides financial assistance to help low-income seniors and people with disabilities with home adaptations so that they can continue to live in the comfort of their home.

Homeless Outreach Program: Homeless outreach workers directly engage homeless people living on the street and provide access to housing, income assistance, and community-based support services to help break the cycle of homelessness.

Home Warranty Insurance and Third-Party Home Warranty Insurance: Under the *Homeowner Protection Act,* all residential builders in B.C. must be licensed and arrange for third-party home warranty insurance on proposed new homes prior to obtaining a building permit or obtaining an applicable exemption. Minimum coverage and allowable exclusions for third-party home warranty insurance are set by legislation. Home warranty insurance can only be provided by insurance companies approved by the provincial Financial Institutions Commission. Insurance brokers acting on behalf of warranty insurance providers are regulated by the Insurance Council of B.C.

The Homeowner Protection Office, a branch of BC Housing, monitors the performance of the home warranty insurance system in accordance with the Act and its regulations, but has no authority to regulate warranty providers or insurance brokers.

In geographic areas where building permits are not required for new home construction, licensing and warranty insurance must be in place prior to the commencement of construction. Owner builders who have been issued an authorization by the Homeowner Protection Office are exempt from the licensing and home warranty insurance requirements.

Homeowner Protection Office: A Crown agency established under the *Homeowner Protection Act* in 1998 with responsibility for the residential builder regulatory system, research and education in building science and consumer information, and, financial assistance for owners of water-damaged homes.

In April 2010, many responsibilities under the Act and most functions of the Homeowner Protection Office were transferred to BC Housing and administration of the reconstruction loan portfolio was transferred to the Ministry of Finance. The Homeowner Protection Office is now a branch of BC Housing.

Housing Endowment Fund: The fund is a $250 million capital endowment that was established to encourage new ideas and support innovative housing solutions. The intent is to allocate available revenue on an ongoing basis each year.

Homeless Rent Supplement: Through the *Homeless Outreach Program* and the *Aboriginal Homeless Outreach Program,* outreach service providers may provide clients with a rent subsidy for housing in the private market.

Housing Providers: Non-profit housing societies and housing co-operatives that own and manage subsidized housing developments. This term can also include private market landlords through whom BC Housing provides rent assistance to low-income households.

Housing Renovation Partnership: A $177 million cost-shared joint agreement between the Governments of Canada and British Columbia announced in October 2009. The funding is used to renovate and retrofit social housing in greatest need of repair throughout the province.

Investment in Affordable Housing: Announced July 2011, the *Investment in Affordable Housing* program is a $180-million cost-matching agreement between the Government of Canada and the Province of British Columbia to improve access to affordable housing that is sound, suitable, and sustainable. Funding can go toward new construction, renovation, homeownership assistance, rent supplements, shelter allowances, and accommodations for victims of family violence.

Independent Living BC: Created in 2002, this housing-for-health program serves seniors and people with disabilities who require some support, but do not need 24-hour institutional care. ILBC offers a middle option to bridge the gap between home care and residential care.

NIMBY: Community opposition to new social housing developments based upon fear, assumptions and stereotypes that some people may harbour about the individuals who will live in these developments.

Non-Profit Housing: Rental housing that is owned and operated by community-based, non-profit societies. The mandates of these societies are to provide safe, secure, affordable accommodation to households with low- to moderate-incomes. Most non-profit housing societies receive some form of financial assistance from government to enable them to offer affordable rents. Each society operates independently under the direction of a volunteer board of directors.

Operating Budget: The annual budget for a non-profit or co-operative housing development. The budget forecasts the costs of operating a development, based on income and expenses, and is used to determine the subsidy level BC Housing provides each month to run the building.

Operating Subsidy: BC Housing provides monthly subsidies to organizations to fund the costs of operating subsidized-housing units. The subsidy is based on the operating costs set out in the annual budget, less the total rents/housing charges collected from tenants. Subsidy payments include rent subsidies/repayable assistance and cover the mortgage payments, building maintenance and other shelter-related costs.

Owner Builder: An individual who has been issued an owner builder authorization by the registrar of the Homeowner Protection Office to build a single-detached or self-contained dwelling unit for personal use and who is therefore exempt from the mandatory licensing and home warranty insurance requirements of the *Homeowner Protection Act*.

Provincial Homelessness Initiative: BC Housing provides funding for non-profit housing developments with support services that address homelessness in B.C. communities. Through Housing Matters BC, the Province has committed to creating more than 6,100 new and upgraded supportive housing units across B.C.

Provincial Rental Housing Corporation: BC Housing's land holding company. Incorporated in 1973, PRHC buys, holds and disposes of provincially-owned social housing properties and leases residential properties to non-profit societies and co-ops.

Public Housing: Housing that is jointly funded by the provincial and federal governments and predominantly managed by BC Housing. Most of these developments were constructed in the 1950s and 1960s.

Rental Assistance Program: The program is for low-income, working families with at least one dependent child and a household income of less than $35,000. Cash assistance is paid directly to eligible households to assist these families in meeting monthly rent payments in the private market.

Residential Builder: A person who engages in, arranges for or manages all, or substantially all, of the construction of a new home, and includes a developer and a general contractor. Residential builders are licensed under the *Homeowner Protection Act*.

Safe Homes: Temporary housing for women and children fleeing violence where transition homes are not available in the community. This may include private homes, hotel units or rental apartments. Stays do not usually exceed five days.

Second Stage Housing: Housing for women and children fleeing violence who have completed a stay in a transition house or safe home. Stays can be up to 18 months.

Seniors' Rental Housing: The Province is working in partnership with the federal government's contribution to develop approximately 1,300 affordable housing units for seniors and persons with disabilities and stimulate local economies by developing new affordable rental housing in smaller communities across B.C.

Seniors' Supportive Housing: A program to upgrade or convert approximately 764 social housing units to supportive housing. The program provides specially modified rental homes, in selected subsidized housing developments, primarily to low-income seniors who need some assistance in order to continue to live independently.

Shelter Aid for Elderly Renters: The SAFER program provides direct cash assistance to eligible residents of British Columbia who are age 60 or over and pay rent for their homes.

Single Room Occupancy Hotel: These hotels provide long-term accommodation in single rooms, typically without private bathrooms or kitchens.

Single Room Occupancy Renewal Initiative: The initiative uses a public-private-partnership delivery model to renovate and revitalize 13 provincially-owned single room occupancy hotels in the Downtown Eastside.

Social Housing: Includes both public housing and housing that is owned and managed by non-profit and co-operative housing providers.

Subsidized Housing: Encompasses all types of housing for which the provincial government provides a subsidy or rent assistance, including public, non-profit and co-operative housing, as well as rent assistance for people living in private market housing. It also includes emergency housing and short-term shelters.

Supportive Housing: Housing that provides ongoing supports and services to residents who cannot live independently and are not expected to become fully self-sufficient.

Supportive Housing Registration Service: With the goal to facilitate the transition from homelessness and emergency shelter use to permanent, supportive housing, SHR provides a single point of access for applicants seeking

low-barrier supportive housing. The service manages the allocation of supportive housing units in the Vancouver SROs acquired by BC Housing and select City of Vancouver-owned supportive housing sites.

The Housing Registry: A centralized database of applicant information and housing provider information coordinated by BC Housing. It allows individuals to apply for housing with multiple service providers using one application form.

Transition Houses: Temporary housing for women and children fleeing violence. Transition houses provide housing, food, crisis intervention and referrals. All provincially-funded transition houses have around-the-clock staff coverage. Stays do not exceed 30 days.

Transitional Housing: Housing that is provided for a minimum of 30 days and up to two or three years, which includes the provision of on- or off-site support services to help people move towards independence and self-sufficiency.

Women's Transition Housing and Supports Program: Serves women and their dependent children fleeing violence. It includes transition houses, safe homes, second stage housing and related supports. Services are provided by community-based contractors and provide clients with housing, food, crisis intervention, and referrals.

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